Corporate Report 2021

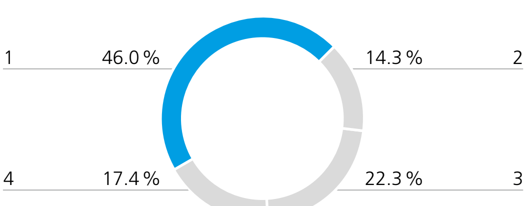
Group Profile 2021

ALTANA's divisions

ALTANA

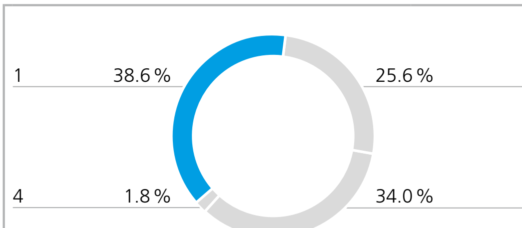
BYK | ECKART | ELANTAS | ACTEGA

Sales by division



in € million	2021
1 BYK	1,227.2
2 ECKART	382.8
3 ELANTAS	593.6
4 ACTEGA	462.9
Total	**2,666.5**

Sales by region



in € million	2021
1 Europe	1,029.3
2 Americas	681.6
3 Asia	905.5
4 Other regions	50.1
Total	**2,666.5**

Key figures at a glance

in € million	2020	**2021**	Δ %
Sales	2,178.2	2,666.5	22
Earnings before interest, taxes, depreciation and amortization (EBITDA)	426.0	481.7	13
EBITDA margin	*19.6 %*	*18.1 %*	
Operating income (EBIT)	185.7	322.8	74
EBIT margin	*8.5 %*	*12.1 %*	
Earnings before taxes (EBT)	142.7	275.0	93
EBT margin	*6.6 %*	*10.3 %*	
Net income (EAT)	75.1	195.2	> 100
EAT margin	*3.5 %*	*7.3 %*	
Research and development expenses	163.4	179.7	10
Capital expenditure on intangible assets and property, plant and equipment	105.2	149.3	42
Cash Flow from operating activities	373.6	244.4	-35
Return on capital employed (ROCE)	*8.4 %*	*9.6 %*	
ALTANA Value Added (AVA)	26.5	66.2	> 100

in € million	Dec. 31, 2020	**Dec. 31, 2021**	Δ %
Total assets	3,263.1	3,636.0	11
Shareholders' equity	2,398.9	2,675.4	12
Net debt (-)/Net financial assets (+)[1]	34.2	67.7	98
Headcount	6,529	6,731	3

[1] Comprises cash and cash equivalents, current financial assets, current marketable securities, loans granted, debt, and employee benefit obligations.

	2020	**2021**	Δ %
WAI 1 (number of reported occupational accidents with lost work time of one day or more per million working hours)	1.8	2.1	17
WAI 2 (number of reported occupational accidents with lost work time of more than three days per million working hours)	1.0	1.5	50
WAI 3 (number of lost work days due to reported occupational accidents per million working hours)	19.5	25.2	29
Total CO_2 equivalents (Scope 1 + Scope 2)[2] (t)	92,553	102,851	11
of which offset by compensation (Scope 1)[2] (t)	*0*	*33,351*	*n. a.*
Specific CO_2 equivalents (Scope 1 + Scope 2)[2] (kg/kg finished goods)	0.18	0.17	-6

[2] Scope 1: direct emissions; Scope 2: indirect emissions. The value for Scope 2 shown here is calculated based on the market-based method. Biogenic emissions are not included.

Due to rounding, this Corporate Report may contain minor differences between summations and the calculation of percentages.

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Legal Disclaimer
This Corporate Report is a translation of the Unternehmensbericht. The translation was prepared for convenience only. In case of any discrepancy between the German version and the English translation, the German version shall prevail.
This report contains forward-looking statements, i. e. current estimates or expectations of future events or future results. The statements are based on beliefs of ALTANA as well as assumptions made by and information currently available to ALTANA. Forward-looking statements speak only as of the date they are made. ALTANA does not intend and does not assume any obligation to update forward-looking statements to reflect facts, circumstances or events that have occurred or changed after such statements have been made.

ALTANA

Management Board

Dear Ladies and Gentlemen,

In 2021, the ALTANA Group achieved its strongest sales growth of the past ten years despite considerable turbulence in the market environment, thus emphatically continuing on its profitable growth course. At the same time, we succeeded in setting new standards in innovation, sustainability, and digitalization.

In several respects, 2021 was a year in which the people at ALTANA and the company as a whole faced substantial challenges.

First and foremost, we succeeded in protecting the health and safety of all our employees worldwide. Together, we managed to prevent the coronavirus from spreading significantly at our sites. While many colleagues continued to work mainly from home in 2021 for the protection of all, the teams in the laboratories, production, and logistics in particular ensured that on-site operations could go on. Almost all of our worldwide sites ran at full capacity to cope with the high demand. In the year under review, occupational safety was particularly important due to the high workload. But even in this situation, we succeeded in maintaining a low level of occupational accidents at our sites. As a result, we achieved our ambitious safety targets once again.

The fact that we remained the reliable partner in 2021 that our customers have valued for decades, especially in times of high uncertainty, was not a matter of course. The upswing that had begun at the end of 2020 picked up considerably in the course of the first quarter. At the same time, raw material and logistics bottlenecks came to a head worldwide, leading to enormous price increases that we had to counter. Overall, in 2021 we not only achieved historically high capacity utilization and record sales in almost all areas, but also ensured that our profitability remained within the long-term target range despite a sharp rise in material costs.

Notwithstanding the record output in production, we achieved important milestones on our way to climate neutrality by 2025, in line with the UN Global Compact initiative

ALTANA's Management Board from left to right:
Stefan Genten, Martin Babilas (Chairman), **Dr. Christoph Schlünken**

for responsible and sustainable corporate management. For example, five sites each had greenhouse gas emissions of less than 10 tons of CO_2 equivalents in the 2021 fiscal year. When this report was published, the production sites of ACTEGA in Brazil and ECKART in China were already completely CO_2 free. In addition, we consistently further improved our carbon footprint at our home site in Wesel. For instance, BYK was able to increase its heat generation efficiency from 85 to 95 percent and reduce the associated greenhouse gas emissions by around 400 tons of CO_2 equivalents per year.

In Wesel, we opened up a new dimension for customer-specific product development and thus for further sustainable growth in April with the commissioning of a high-throughput screening facility – a digital high-performance laboratory that is unique in the specialty chemicals industry. The facility, which uses state-of-the-art digitization technologies, is the largest of its kind in the world and doubles BYK's application technology capacity. In product development, too, we set new standards in important future markets in 2021. At Formnext, the world's leading international exhibition for additive manufacturing, the cross-divisional technology platform Cubic Ink presented innovative printing materials that have the potential to revolutionize industrial 3D inkjet printing.

In the year under review, the individual divisions also pushed forward innovations that can change entire markets. In June, ACTEGA launched Signite, a new technology that can halve waste from consumer goods label production. ECKART received the ALTANA Innovation Award for the development of metallic effect pigments that open up new perspectives for ecologically compatible automotive coatings. BYK presented the first certified additive for wind turbines, which significantly increases the strength of the material and thus the load-bearing capacity of the rotor blade. ELANTAS applied for a patent for a groundbreaking process using special dyes that for the first time makes it possible to indicate the state of wear of electric motors and thus prevent unnecessary motor replacements.

In the 2021 fiscal year, we secured substantial funding for further green research projects. In June, for example, the European Investment Bank (EIB) recognized our climate protection efforts in line with the EU's Green Deal and provided us with a 200 million euro credit line. And we received a further credit line with a sustainability component of 250 million euros from an international consortium of banks.

We also acquired and integrated additional businesses in key areas in the reporting year. In February, ECKART completed the acquisition of the TLS business with metal powders for 3D printing. In May, ACTEGA acquired Henkel's closure materials business, strengthening its portfolio of PVC-free solutions in this area.

Our financial prowess enables us to make substantial investments and acquisitions even in exceptional years such as 2021. But it is the people who make up ALTANA that are decisive for our long-term success and our contribution to the sustainable development of society. It is they who, with their personal commitment and dedication, develop the company further and drive forward the many initiatives in our Group that contribute to the urgently needed limiting of global warming. Sustainability therefore has many faces at ALTANA in every respect. In the magazine section of this report, you can find out how holistically we view the path to climate neutrality and which measures and people are behind it.

We would like to express our sincere thanks to our employees for their extraordinarily high level of commitment and their personal contribution in the equally turbulent and successful year 2021. Our thanks also go to our customers and business partners as well as to the members of the Supervisory Board for their constructive support and their trust in ALTANA's work.

Martin Babilas **Stefan Genten** **Dr. Christoph Schlünken**

About This Report

Corporate Report 2021

The Corporate Report for 2021 encompasses the annual and sustainability reports. With it, the ALTANA Group informs the public, its employees and business partners, as well as public authorities, nongovernmental organizations, and all other interested parties about the Group's development in economic, ecological, and social respects. In addition to the Group Management Report, which also contains information on corporate governance, and the Consolidated Financial Statements (condensed version), this report contains a description of ALTANA's understanding of sustainable management and the progress the Group has made in implementing it in the past fiscal year. As a result, this report for 2021 updates the content that was published in the 2020 Corporate Report (published on March 19, 2021). At the same time, it serves as the annual Communication on Progress of the UN Global Compact.

The Reporting Period

All financial and human resources information in the Group Management Report and the Consolidated Financial Statements for 2021, as well as the environmental key performance indicators and data on occupational health and safety, refer to the period from January 1 to December 31.

Reporting Principles

In terms of the Group Management Report and the Consolidated Financial Statements, the reporting adheres to the specifications of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional requirements of German commercial law pursuant to section 315 e of the German Commercial Code (HGB). As in the previous years, this was audited and confirmed by an independent auditor. The complete Consolidated Financial Statements including the Notes to the Consolidated Financial Statements are available online at www.altana.com/consolidated_financial_statements_2021.

This Corporate Report complies with the "Comprehensive" option of the Global Reporting Initiative (GRI). It is also based on the framework of the International Integrated Reporting Council (IIRC). The accident indicators WAI 1, WAI 2, and WAI 3, as well as selected energy indicators, including greenhouse gas emissions, are presented in the Group Management Report and were part of the audit carried out by an independent auditing company. These and other sustainability indicators can be found in detail online at www.altana.com/facts_figures_sustainability_2021.

Details on the selection of relevant reporting content in accordance with the GRI standards and on the definition of the sustainability topics important for the ALTANA Group and its stakeholders can be found in the following section. A detailed list of all criteria in accordance with the GRI standards on which ALTANA provides information is available online at www.altana.com/facts_figures_sustainability_2021. This report is available in German and English.

Sustainability Management

ALTANA's Understanding of Sustainability

ALTANA consistently gears its activities to sustained profitable growth. But we can only achieve economic success in the long run if we also bear in mind ecological and social aspects and anchor them firmly in our company. Our understanding of sustainability as a triad of economy, ecology, and corporate social responsibility is also reflected in ALTANA's mission:

> We provide innovative solutions based on integrated chemical, formulation, and application expertise that make products of daily life better and more sustainable.
>
> Our solutions open up growth or savings potential for our customers and can change entire markets.
>
> As a result, we create value for our customers, employees, shareholder, and society as a whole.

The View of Our Stakeholders

As a globally manufacturing specialty chemicals company, ALTANA has diverse stakeholders with whom the Group and its different companies maintain regular contact and exchange. The content and results of these dialogs are among the factors that inform ALTANA's understanding of sustainability. Among ALTANA's most important stakeholders are its customers, employees, owner, suppliers, other business partners, authorities, associations, and nongovernmental organizations (NGOs), as well as our neighbors at the different sites.

In the year under review, the stakeholder analysis we performed in 2017 was examined and the key sustainability issues were still considered relevant for ALTANA. ALTANA's Environment, Health & Safety (EH&S) and Corporate Communications departments developed with external support a materiality matrix with 13 criteria. In the matrix, all topics relating to the GRI Standards, existing stakeholder analyses, ALTANA's Keep Changing Agenda for the future, as well as selected best practices in the form of reports and studies were considered. In the process of developing the materiality matrix, topics were prioritized based on their relevance to stakeholder decisions and the consequences for the ALTANA Group (see graphic on the following page). The stakeholders incorporated in the materiality matrix, which were identified based on high relevance, came from the areas of customers, suppliers, NGOs, foundations, politics, and institutions. Internally, EH&S, Corporate Communications, Strategy, Procurement, Research and Development, Finances and Controlling, Engineering, and Sales were incorporated. ALTANA will continue to review the materiality matrix and update it if necessary.

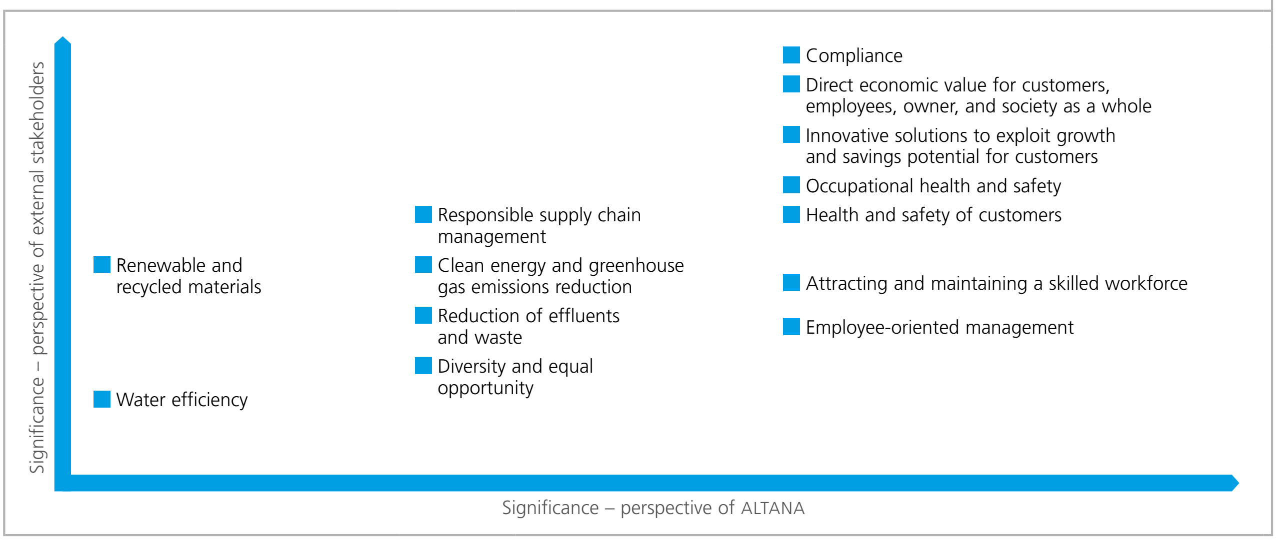
Objective Evaluation of Sustainability

To be able to measure not only the company's business performance but also its involvement in all areas of sustainability, alongside key performance indicators and certified management systems, ALTANA is using objective external evaluations increasingly. The assessments of the rating company EcoVadis play a special role.

EcoVadis analyzes four topics based on leading standards (GRI, UN Global Compact, and ISO 26000): environment, labor and human rights, ethics, and sustainable procurement. EcoVadis has become the leading assessment platform for the chemical industry. Tens of thousands of companies now work with EcoVadis.

ALTANA uses the objective EcoVadis rating of its production sites and ALTANA AG as a whole to make the

ALTANA Materiality Matrix



respective status quo transparent both internally and externally, but also to systematically drive sustainability forward within the company.

Organization of Sustainability

At ALTANA, the Group's operating companies are responsible for implementing and anchoring sustainability. The individual companies are committed to continually reducing the environmental effects of the Group and to improving safety at the respective sites. Furthermore, the individual sites are required to introduce suitable management systems and have them certified. Moreover, special, cross-divisional expert platforms exchange information on relevant EH&S topics (for example energy, sustainability performance, environmental key performance indicators), and present best-practice models.

Sustainable Development Goals

ALTANA has been a member of the UN Global Compact since 2010 and commits to integrating the ten principles into the company and to observing the general goals of the United Nations (see the Communication on Progress of Global Compact on page 120).

At the summit meeting on September 25, 2015, the 193 member states resolved the 2030 Agenda for Sustainable Development. ALTANA supports this United Nations initiative and developed the goals listed on the following page.

UN Sustainable Development Goals (SDGs)

SDGs with special relevance for ALTANA

Occupational Health and Safety
For ALTANA, the health and safety of its employees is a top priority. All of its worldwide sites have established their own safety organization, which includes adherence to all local occupational safety regulations, training measures, as well as recording and evaluating accidents and near accidents. ALTANA uses the Work Accident Indicator (WAI) as the most important key performance indicator in order to observe the development of occupational safety at all sites and to continually improve it. Further information can be found in the Group Management Report, in the "Health and Safety" chapter, in the accident key performance indicators with the targets, as well as in the Management Approach "Occupational Health and Safety."

Training and Education
Our employees are our most important resource. ALTANA therefore promotes their professional development, prepares them for leadership positions, and enables them to participate in the company's economic success in order to retain them in the long term. A special focus is on recruiting young, specialized, and managerial staff. Further information can be found in the "Human Resources" chapter, in the GRI Content Index, and in the Management Approach "Employee-Oriented Management."

Gender Equality
Promoting women in leadership positions remains a focus at ALTANA. By founding a number of initiatives, including LEADING WOMEN@ALTANA and Mentoring for Women, ALTANA seeks in the medium to long term to reach the goal of increasing the share of women in leadership positions in the entire ALTANA Group to the percentage of women among the company's employees worldwide. Further information can be found in the "Human Resources" chapter, in the Group Management Report, in the human resources key performance indicators, and in the Management Approach "Employee-Oriented Management."

Sustainable Economic Growth and Decent Work
Our customers' success is at the center of ALTANA's business activities. We can only be successful in the competitive environment in the long run if we offer our customers added value. We not only aim to secure long-term economic success, but to act sustainably in every respect. As a member of the UN Global Compact, ALTANA therefore actively supports the targets of responsible corporate management. Further information can be found in the Group Management Report, in the Communication on Progress of the UN Global Compact, and in the Management Approaches "Strategy," "Compliance," and "Employee-Oriented Management."

Innovation: New Products and Technologies
ALTANA's products and services are geared to offering its customers special sustainable solutions and to enable them to gain a competitive advantage. To keep or to extend its position as a leading specialty chemicals company, the ALTANA Group intends to continually expand its competencies. To achieve this goal, ALTANA steadily grows its product portfolio through its own developments, as well as through acquisitions and cooperation with other companies, universities, and research institutes. Further information can be found in the Group Management Report, in the "Products" chapter, and in the Management Approach "Innovative Solutions."

Climate Protection Measures
Ecologically sound economic activity is a key component of ALTANA's corporate strategy. Our goal is to reduce our CO_2 impact in Scope 1 (direct emissions), Scope 2 (indirect emissions), and parts of Scope 3 to zero by 2025. In addition, ALTANA's products contribute to improving climate protection in the value chain. ALTANA controls the Group's efficiency regarding energy consumption and the resulting greenhouse gas emissions with the help of defined performance indicators and defined targets. Further information can be found in the Group Management Report, in the "Environment" and "Products" chapters as well as in the environmental performance indicators with targets in the Management Approaches "Energy" and "Emissions."

Corporate Bodies and Management

Management Board

Martin Babilas
Chairman

Responsibility:
– ELANTAS
– ACTEGA
– Corporate Development
– Human Resources
– Corporate Communications
– Internal Audit

Stefan Genten

Responsibility:
– Finance and Accounting
– Controlling
– Group Treasury
– Taxes
– Digital Transformation
– Information Technology
– Legal/Intellectual Property
– Compliance

Dr. Christoph Schlünken

Responsibility:
– BYK
– ECKART
– Key Account Management
– Innovation Management
– Environment, Health & Safety
– ALTANA Excellence
– Procurement

The Executive Management Team

The Executive Management Team is an advisory body in which strategic and operative issues that are important for ALTANA and the divisions are discussed and deliberated on. In addition to the members of the Management Board, the Executive Management Team includes the presidents of the divisions as well as selected executives of the company.

(in alphabetical order)

Dr. Tammo Boinowitz
President Division BYK

Dr. Guido Forstbach
President Division ELANTAS

Thorsten Kröller
President Division ACTEGA

Volker Mansfeld
Head of Corporate Development

Carina Meier-Hedde
Chief Human Resources Officer

Dr. Christian Przybyla
President Division ECKART

Dr. Petra Severit
Chief Technology Officer

The Supervisory Board

Dr. Matthias L. Wolfgruber
Chairman

Ulrich Gajewiak[1]
Deputy Chairman

Susanne Klatten
Deputy Chairwoman

Jürgen Bembenek[1]

Dr. Anette Brüne[1]

Dr. Monika Engel-Bader

Armin Glashauser[1]

Klaus Koch[1]

Prof. Dr. Frank Richter

Dr. Jens Schulte

Stefan Soltmann[1]

Dr. Antonio Trius

Supervisory Board Committees

The Supervisory Board of ALTANA AG has established the following committees:

Human Resources Committee
Dr. Matthias L. Wolfgruber (Chairman)
Jürgen Bembenek
Ulrich Gajewiak
Susanne Klatten

Audit Committee
Dr. Jens Schulte (Chairman)
Armin Glashauser
Stefan Soltmann
Dr. Antonio Trius

Mediation Committee
(in accordance with section 27 (3) of the German Codetermination Act)
Dr. Matthias L. Wolfgruber (Chairman)
Ulrich Gajewiak
Susanne Klatten
Klaus Koch

[1] Employee representative

As of December 31, 2021 in each case; details on the corporate bodies can be found in the complete Consolidated Financial Statements (www.altana.com/consolidated_financial_statements_2021), page 78 ff.

Report of the Supervisory Board

The Supervisory Board of ALTANA AG, carrying out the functions stipulated by law and the Articles of Association, closely followed the work of the Management Board and monitored its management activities in the 2021 fiscal year. The Supervisory Board dealt in depth with the situation and development of the company as well as with various current issues. The Supervisory Board was regularly informed by the Management Board about the respective agenda items through presentations and oral reports in meetings. The Supervisory Board also regularly received additional written reports. Between Supervisory Board meetings, the Chairman of the Management Board informed the Chairman of the Supervisory Board about significant developments and events, and discussed pending or planned decisions with him. The Supervisory Board was involved in all major company decisions.

Meetings of the Supervisory Board

In the 2021 fiscal year, the Supervisory Board held four regular meetings and one constitutive meeting. At the regular meetings, the economic situation and the development perspectives of the ALTANA Group, as well as important business events, including acquisitions, were discussed and deliberated on in detail. In addition to regular reporting on ALTANA's sales, earnings, and financial development, the Supervisory Board dealt in depth with the strategy of ALTANA and its individual divisions. In each of the four regular Supervisory Board meetings, the Management Board reported to the Supervisory Board in detail about the effects of the coronavirus pandemic on the company and the measures the management had taken with the help of crisis teams expressly set up for this purpose to protect the health of employees and to minimize the pandemic's negative effects on business. Furthermore, in the 2021 fiscal year the Supervisory Board intensively discussed the situation, development, and plans of the BYK, ECKART, and ACTEGA divisions. Against the backdrop of the company's Keep Changing Agenda, the committee discussed the circular economy and its significance for ALTANA with an external expert. The Supervisory Board learned about talent management, the New Normal, and transformation projects in human resources, as well as the long-term realignment of the Group's external financing. The Supervisory Board received regular updates on the company's participation in the Israeli Landa Corporation Ltd. ("Landa Digital Printing") and devoted one of its 2021 meetings to this investment in detail. In addition, the Supervisory Board dealt intensively in 2021 with innovation management at ELANTAS and ACTEGA. At its December meeting, the Supervisory Board dealt in depth with and approved the corporate planning for the next three years and the budget for 2022. At the Supervisory Board's constituent meeting following the Ordinary Annual General Meeting in

Dr. Matthias L. Wolfgruber, Chairman of the Supervisory Board of ALTANA AG

March, the then Chairman of the Supervisory Board, Dr. Matthias L. Wolfgruber, was reelected as Chairman, after previously being reelected as a member of the Supervisory Board by the Annual General Meeting. At the same meeting, the Supervisory Board elected Mr. Jürgen Bembenek as a member of its Human Resources Committee.

Meetings of the Committees

The Human Resources Committee met thrice in the year under review. At its meetings, it discussed recommendations to the Supervisory Board on the payment of variable compensation components for 2020 and the payments from the ALTANA Equity Performance Program 2017 to the Management Board members, as well as the targets for the short term bonuses of the Management Board members for 2022 and the allocation values in the ALTANA Equity Performance Program of the Management Board members for 2022. At its meeting in June, the Human Resources Committee dealt with a review of Management Board compensation on the basis of a current market study commissioned by the company. The Audit Committee met twice in the year under review and reported regularly to the

Supervisory Board. In the presence of the auditor as well as members of the Management Board, the Audit Committee discussed the annual financial statements of ALTANA AG and the ALTANA Group. In addition, it dealt with the statutory audit process mandating the auditor, the setting of audit fees, monitoring the auditor's independence, and the approval of non-auditing services of the auditor. Furthermore, the Audit Committee addressed the identification and monitoring of risks in the Group, the Group's internal auditing activities, ALTANA's Compliance Management System, as well as the good corporate governance. At its March meeting, the Audit Committee received a report on the company's insurance management in the current insurance market environment. In December, the Audit Committee dealt intensively with cyber risks threatening the Group and how to defend against them. The Mediation Committee, established in accordance with section 27 (3) of the German Codetermination Act, did not convene in the 2021 fiscal year.

Annual Financial Statements

The Annual Financial Statements of ALTANA AG, the Consolidated Financial Statements for the year ended December 31, 2021, and the Management Report of ALTANA AG, as well as the Group Management Report, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which was appointed by the Annual General Meeting and engaged by the Audit Committee of the Supervisory Board, and it issued an unqualified audit opinion in each case. The system for early risk recognition set up for the ALTANA Group pursuant to section 91 of the German Stock Corporation Act was audited, and the examination revealed that the monitoring system is suitable in all material respects for the early recognition, with reasonable assurance, of developments endangering the ability of the company to continue as a going concern.

The financial statement documentation, the Corporate Report, the reports of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft on the audit of the Annual Financial Statements and the Consolidated Financial Statements, as well as the Management Board's proposal for the use of the net profit, were made available to all Supervisory Board members. The Audit Committee of the Supervisory Board dealt at length with this documentation. The Supervisory Board inspected the documentation and dealt with it in depth at its balance sheet meeting in the presence of the auditor, who reported on the main results of the examination. The Supervisory Board is in agreement with the findings of the audit without objections and in its meeting of March 16, 2022, approved the Annual Financial Statements and

Consolidated Financial Statements prepared by the Management Board. The Annual Financial Statements are thereby adopted. The Supervisory Board evaluated the Management Board's proposal for the use of the net profit and is in agreement with its recommendation.

Report in Accordance with Section 312 of the German Stock Corporation Act

The Management Board prepared a report in accordance with section 312 of the German Stock Corporation Act on relations with affiliated companies for the 2021 fiscal year. The Supervisory Board inspected this report and found it to be accurate. The auditor issued the following audit opinion:

"On completion of our audit and assessment in accordance with professional standards, we confirm that the factual statements of the report are correct and that the consideration paid by the company for the legal transactions in the report was not inappropriately high."

The Supervisory Board noted and approved the auditor's findings. Following the completion of its own review, the Supervisory Board has no objections to the Management Board's statement at the end of the report.

Personnel Changes

On March 17, 2021, the Ordinary Annual General Meeting of ALTANA AG reelected Dr. Matthias L. Wolfgruber as a member of the Supervisory Board until the end of the Ordinary Annual General Meeting in 2024, and the Supervisory Board subsequently reelected Dr. Wolfgruber as its Chairman. As Chairman of the Supervisory Board, Dr. Wolfgruber is also a member and Chairman of the Human Resources and Mediation Committees by virtue of his office.

Ms. Beate Schlaven, who had been a member of the Supervisory Board and its Human Resources Committee since 2018, passed away on February 16, 2021. The substitute elected in lieu of Ms. Schlaven, Mr. Jürgen Bembenek, became a member of the Supervisory Board. The Supervisory Board also elected Mr. Bembenek as a member of its Human Resources Committee on March 17, 2021.

The Supervisory Board would like to thank the members of the Management Board and the management as well as the employees of the Group for their achievements and commitment during the last fiscal year.

Wesel, March 16, 2022

The Supervisory Board

Dr. Matthias L. Wolfgruber
Chairman of the Supervisory Board

Climate Protection at ALTANA

Sustainability has many faces at ALTANA, in every respect. On the following pages, you will learn about our integrated understanding of the path to climate neutrality and the measures and people that are behind it.


ALTANA
BYK

We don't just talk about climate protection, we implement it step by step.

Heiko Moritz, Planning Engineer at BYK in Wesel (Germany)

The 38-year-old played a significant role in the simultaneous achievement of two sustainability-relevant goals: lower energy requirements for the site's heat supply and purified exhaust air with lower greenhouse gas emissions.

TEAM SPIRIT AND TECHNOLOGY LEAD TO A CARBON-FREE SITE

At the BYK plant in Wesel, a new system has ensured more efficient processes and the resulting saving of valuable resources for some time now. The installation exemplifies the ALTANA Group’s path to climate neutrality – everywhere in the world.

Heiko Moritz has reason to be satisfied. The 38-year-old, who works as an Operations and Planning Engineer at the BYK plant in Wesel, has played a significant role in achieving two sustainability-related goals at the same time: lower energy requirements for the site’s heat supply and purified exhaust air with lower greenhouse gas emissions and the related positive effect on the environment. As a result, Moritz and his team are implementing something that ALTANA as a Group is committed to worldwide: a significant reduction in natural gas consumption as a major step toward zero carbon sites. ALTANA aims to be climate neutral worldwide by 2025.

Conversion of exhaust gas cleaning and heating of heat transfer oil

At the BYK plant in Wesel, it was about the conversion of the thermal afterburning system. This system converted process exhaust air into CO_2 and water vapor. In addition, the plant was used to heat so-called thermal oil, which is deployed for heating in the plant. The problem: The energy efficiency was only around 85 percent and thus behind today’s technical possibilities.

As the responsible engineer, Heiko Moritz was tasked with finding a sustainable replacement for the existing afterburning plant. The team around the engineer examined various options up to and including a complete rebuild of the existing plant. It quickly became clear that the strongest effects could be achieved by decoupling heat generation and exhaust gas cleaning. In the future, special scrubbers should ensure clean air. But many tasks had to be performed in the course of the changeover, which would put too great a strain on a single team. For the trial operation in several pilot plants alone, measured values had to be collected and evaluated to ensure compliance with all environmental specifications. Good teamwork was an essential key to success. The measurement data was collected using in-house measurement technology, while the analytics department carried out the evaluation.

–400 t CO_2e

In terms of heat generation, BYK was able to increase efficiency from 85 percent to 95 percent and reduce the associated greenhouse gas emissions by around 400 tons of carbon dioxide equivalents per year.

Replacement during operation

The replacement was akin to open-heart surgery because operations had to continue. This, too, was possible only thanks to a great team effort. “Everyone worked hand in hand. We don’t just talk about climate protection, but implement it step by step as a team,” says Heiko Moritz. The result speaks for itself: Heat loss could be reduced by two thirds. In addition, the now separate heat generation occurs with a ten-percent improved efficiency, which is now up to 95 percent. This effect gives rise to a considerable reduction in natural gas consumption, thus reducing greenhouse gas emissions by around 400 tons per year. It is not only the company that benefits from the new plant, by achieving savings and improving its carbon footprint. The area surrounding the BYK plant can also look forward to even better exhaust gas values. Last but not least, there is Heiko Moritz himself, who lives in Wesel with his young family. “It’s nice to be able to experience the effect of your own work so directly – especially if you like to be hands-on and put your money where your mouth is, for the benefit of future generations. The experience gained from the retrofit project was so inspiring that now, as a Planning Engineer, I’m already looking forward to the next project on our way to becoming a carbon-free site,” he concludes.

Planning Engineer Heiko Moritz and his team examined various options in their quest to find a sustainable replacement for the existing thermal afterburning system at the Wesel site.

Many tasks had to be mastered during the changeover. Good teamwork was an essential key to success, because the replacement took place during ongoing operations.

As good neighbors, we ensure a good climate.

Ka Lok Cheung, Head of Operations
at ECKART in Zhuhai (China)

For the 45-year-old, climate neutrality is no reason to slacken his efforts for more sustainability. ”His“ plant has been operating without any greenhouse gas emissions since March 2022 and has been accident-free for ten years. Now his focus is on optimizing energy consumption.


ECKART

Since March 2022, ECKART's plant in Zhuhai has been completely carbon-free. This makes it one of China's first emission-neutral production facilities.

MAKING A CONTRIBUTION TO SOCIETY

Ka Lok Cheung is proud of "his" plant in Zhuhai in southern China's Guangdong province, where ECKART manufactures printing inks and aluminum pigments, among other things, and drives innovation. How this is done serves not only the company, but the entire milieu.

The capacities and equipment at the site are exemplary by both German and Chinese standards – and so is the sustainability. The ECKART plant at the mouth of the Pearl River has been completely carbon-free since March 2022, making it one of the first emission-neutral production facilities in China. All of the installations are operated using green electricity.

As a result, the ECKART site is at the forefront of climate neutrality, which is also becoming increasingly relevant in China. The country wants to be carbon neutral by 2060. At ECKART in Zhuhai, this is already the case today. "As a rather small company with a high degree of automation," explains Cheung, "it was obvious from the beginning that green electricity would be used, especially since the supply situation in this region is very stable. This is a boon for the environment."

Accident-free for over ten years

In addition to environmental protection, occupational safety plays a decisive role in China. In this regard, too, everyone benefits from the sustainable operation of ECKART's plant in Zhuhai: Neither diesel nor other fuels have to be stored at or delivered to the site. Occupational safety in general is a top priority at the plant. And great strides have been made: The site has been completely accident-free for more than ten years.

In terms of occupational safety, too, everyone involved benefits from the sustainable operation of the ECKART plant. The site has been completely accident-free for more than ten years now.

100%

The ECKART plant in Zhuhai has been one-hundred percent carbon-free since March 2022.

High expectations placed on companies

The positive emissions and occupational safety situation make ECKART a good corporate citizen. In China, it is deemed extremely important that companies, like individuals, demonstrate responsible, social behavior, also regarding the corporate environment. Hence there are high expectations. For Ka Lok Cheung, this is a matter of course: "As good neighbors, we ensure a good climate," he says, summing up the company's aspirations and the reality.

Owing to a general change in thinking, criteria such as safety and sustainability are now important indicators alongside gross domestic product. Despite strict controls, it is primarily the behavior of the companies that determines whether the official requirements can be met.

Setting standards from the outset

Ka Lok Cheung has actively followed the development from the very beginning. The 45-year-old family man, who has been with the company since 2004, knows the significance of its status as a good corporate citizen: "Sustainability has always been at the top of ECKART's agenda. In this area, we set benchmarks from the very beginning and established standards that are now increasingly demanded by other players as well. For me, this is the right path in every respect – I also attach great importance to sustainable behavior in my private life. Where each individual can make a difference in many small ways, companies have an even greater obligation," comments Cheung.

No reason to let up

And Zhuhai already has its sights firmly set on the next steps: Energy consumption is to be further optimized, to which data monitoring and analysis will play a significant role. So even though climate neutrality has been achieved, Ka Lok Cheung and his team are not slackening their efforts for greater sustainability. "The best energy is that which is not consumed in the first place. We prefer to put all our personal energy into new innovations that contribute to a good climate – in every respect," says Cheung.

I want to make a difference, make a contribution to the future.

Dr. Lisa Schönenberg, Global Portfolio Manager Paper & Board at ACTEGA in Lehrte (Germany)

For Dr. Schönenberg, her work is more than just an ordinary job. Together with her colleagues at ACTEGA, she drives the development of innovative sustainable solutions for the packaging market worldwide. And she acts out of conviction.

MAKING A REAL DIFFERENCE WITH INNOVATION AND CONVICTION

Dr. Lisa Schönenberg has a mission: more sustainability, for example, through appropriate coatings with organic components, and recycled and recyclable raw materials that make packaging more environmentally friendly. Anyone who wants to successfully fulfill this mission must act out of conviction.

When it comes to sustainability and resource conservation, ACTion is the order of the day. The ACTEGA division's name embodies this challenge, as does ACTGreen, the brand for sustainable product solutions. As the link between the market and the company's own research, Dr. Lisa Schönenberg, Global Portfolio Manager Paper & Board at ACTEGA, ensures that all solutions are available as needed and as quickly as possible. In addition, relevant trends and portfolio gaps must be identified and integrated. This happens not only at the Lehrte site, where Dr. Lisa Schönenberg works, but everywhere in the world where ACTEGA has a presence and provides innovative solutions for the packaging market.

A team with a special spirit

This requires more than technical ability: If you want to consistently make products more sustainable, you need a team with a very special spirit. Treading new paths, overcoming challenges, and always keeping the goal firmly in sight: "We at ACTEGA want to make a real difference," Dr. Lisa Schönenberg is convinced. Close to the product, close to the customer – and of course close to its own contribution to sustainability: What connects the people here is not only the company itself, but above all the motivation to work for more sustainability – at all levels of the value chain, not just in relation to their own product.

From raw material to product: ever more sustainable and resource efficient

The division has been committed to more sustainable products for two decades now. Then as now, the goal was smart packaging with less environmental impact and optimal properties. This enables customers, in turn, to offer more sustainable products and to optimize their eco-balance accordingly in this respect. Raw materials play a significant role here: One of ACTEGA's focal points is to continually open up new possibilities for acting in a more sustainable and resource-conserving manner.

For over 20 years, ACTEGA has repeatedly brought innovative solutions to market that make packaging demonstrably more sustainable.

"Our ACTGreen solutions go far beyond current regulatory standards in making everyday products significantly safer and more environmentally friendly. Our development work is holistic; it is about new, more sustainable standards and continuous support for the customer. This makes us pioneers in the market," asserts Dr. Schönenberg.

The ACTGreen barrier coatings product line, for example, sets standards for the recyclability of packaging. Traditionally, different plastic materials have been used in the industry to alternatingly protect filling goods and packaging from being affected by oils, fats, water, and other substances. But these materials can often only be recycled at great expense or not at all. Water-based ACTGreen barrier coatings are an environmentally friendly alternative. They are partially biodegradable and do not release any harmful or toxic substances when they decompose or are recycled.

There is great interest in sustainable ACTEGA solutions around the world. Meeting this demand is more than just an ordinary job for Dr. Lisa Schönenberg. "We are part of society and act accordingly," is her credo. "I want to make a difference, to make a contribution to the future. Today, dedicated ACTEGA teams across the globe are working toward a common goal: to develop more and more sustainable product solutions," says Dr. Lisa Schönenberg, summing up.

As the link between the market and the company's own research, portfolio manager Dr. Lisa Schönenberg ensures that all solutions become available in line with demand and as quickly as possible – including the integration of new trends.

In her capacity, she supports the mission of Markus Locher, who as Global Barrier Manager of the ACTEGA Paper & Board business line is responsible with his team for the sustainable barrier coatings business.

We want to leave our footprint in innovations, not emissions.

Dr. Simon Rost, Head of Research and Development at ELANTAS in Hamburg (Germany)

For 16 years, the PhD chemist has been developing sustainable solutions in the ELANTAS division. The latest innovation is attracting keen interest from the automotive industry even before its market launch.


ALTANA

Sustainability is playing an increasingly important role in the development of new products and solutions and is a subject close to Dr. Simon Rost's heart.

MORE SUSTAINABILITY FOR E-MOBILITY

With an intelligent innovation, Dr. Simon Rost and his research team are making electric motors more effective and environmentally friendly. In this way, ELANTAS is not only contributing to the sustainability of e-mobility, but also opening up new perspectives for other areas.

E-mobility is the future. Electrically powered cars emit no carbon dioxide and are very quiet. But electric motors, too, need to be maintained and replaced if necessary. When action should be taken is often a matter of judgment or only becomes apparent during a more or less complex inspection.

Things are different with the current ELANTAS innovation: A special dye molecule precisely indicates the age condition of the insulation material. As a consequence, it is possible to tell precisely from the color whether a motor will soon need to be replaced.

Innovative dye molecule

The path to the goal, in cooperation with the University of Halle, led to an analysis of the aging properties of insulating materials: What exactly happens during the aging process? Which fission products are released at what time? Once a specific fission product had been identified, the researchers developed a dye molecule that had to withstand temperatures of up to 180 °C, among other things. The aim was to combine high stability with equally high sensitivity – not an easy task, but one that could be solved using a special so-called stilbene dye. In the end, it was possible to meet all the requirements and thus implement a genuine market innovation. The response speaks for itself: Even

Electromobility is a focal point of the research and development work of Dr. Rost and his team. With their intelligent innovation, electric motors can be used longer and more efficiently.

70 %

Sustainability is the primary focus of 70 percent of all new ELANTAS developments.

before the market launch, the automotive industry is showing a keen interest in the development.

Another ALTANA subsidiary also has an innovation in the pipeline that will make the use of the ELANTAS solution even more convenient for customers. The measuring instrument specialist BYK-Gardner is currently developing a mobile handheld device specially geared to condition diagnostics. In the future, this innovation will allow the condition of electric motors to be checked literally in the blink of an eye. As a result, these solutions will ensure that electric motors can be used longer and more efficiently, benefitting the wallet as well as the environment. "E-mobility is one of the focal points of our research and development work, because its expansion is a strategic goal across all the divisions," explains Dr. Rost. "This involves maintenance aspects, but also battery management, heat dissipation, as well as control and charging technology. We are in continuous dialog with our customers and partners in the industry, and we receive important impetus from them time and time again."

From motor maintenance to decentralized energy storage systems

ELANTAS has been committed to sustainability for over 15 years, and this aspect is playing an increasingly important role in the development of new products and solutions. Sustainability is now at the forefront of more than 70 percent of all R&D projects. "We want to leave our footprint in innovations, not emissions," says Dr. Rost, who has been with the company for 16 years and lives with his family near Hamburg. He took over R&D at ELANTAS Europe six years ago. Sustainability is a subject that is close to his heart – in his private life, too, of course: "My next car will definitely be electric," says the PhD chemist. But his team's work to ensure a cleaner future is not limited to e-motors: "We are active in many areas – for example, in special solutions for next-generation 800-volt batteries and in mini energy storage systems for a decentralized energy supply."

When we achieve our sustainability goals, we will also benefit financially.

Stefan Genten, Chief Financial Officer of ALTANA AG in Wesel (Germany)

The experienced businessman feels responsible not only for creating wealth, but also for using it for social and ecological sustainability, so that the overall system of society, ecology and economy will function across generations.

SUSTAINABILITY AS A COMPONENT OF CORPORATE MANAGEMENT

Which paths lead to more sustainability? Certainly more than one. But probably few people think of Group Financing. As ALTANA's Chief Financial Officer, Stefan Genten is not only responsible for key financial indicators, but also uses sustainability factors as a management tool.

"In terms of sustainability, we want to be significantly above the industry average and thus send a clear signal both internally and externally," explains Stefan Genten. "This applies to our own processes and goals, such as achieving climate neutrality by 2025, as well as to products and solutions that enable our customers to act more sustainably themselves."

+€ 450 million

ALTANA has 450 million euros available within the framework of sustainability-oriented credit lines.

Non-financial key figures in the Corporate Report

In 2020, ALTANA for the first time integrated so-called non-financial key performance indicators (KPIs) into its Corporate Report, on an equal footing with traditional financial key performance indicators. The KPIs include key figures on occupational safety and the company's CO_2 balance. The latter two values are not only published, but also certified by the independent auditor as part of the audit of the Group Management Report in the same way as the financial KPIs listed there. "This closes the circle," says Genten: "We formulate ambitious targets, implement them, have them audited, and publish the results. We subject the financial and non-financial indicators to the same standards. After all, we can only be economically successful in the long term if we take ecological and social aspects into account in our decisions and systematically anchor them in our company."

Financing through sustainability-linked credit lines

A further expression of ALTANA's integrated understanding of sustainability is the new strategic Group financing set up in 2021. As a healthy, growing company, ALTANA now has two attractive instruments at its disposal: a credit line of up to EUR 250 million with an ESG link from an international banking consortium and, for the first time, a loan commitment of EUR 200 million from the European Investment Bank (EIB) to support green research projects in line with the European Green Deal. The interest rate or loan amount depends among other things on the company's sustainability performance. "In concrete terms, this means that if we achieve our sustainability goals, we also benefit financially," sums up Stefan Genten. The loans are thus both proof of the company's past performance in this area and an additional driver of future product and solution development. ALTANA has a total of 450 million euros at its disposal thanks to the newly established Group financing.

Integrated approach to corporate management

For ALTANA, sustainability is not a criterion to be considered separately. "We pursue an integrated approach," says Genten. "Clearly and measurably formulated sustainability goals, practicable key figures, and transparent reporting ensure that our sustainability requirements are effectively anchored in both strategic and operational corporate management." In his professional life, Stefan Genten lives out his ideal in his private life: "I basically think holistically. As part of society, I have a special responsibility in my position to ensure that, on the one hand, wealth is created and, on the other, that this wealth is used for social and ecological sustainability, so that the overall system of society, ecology, and economy will function across generations. I couldn't imagine working for a company where sustainability didn't have this high priority."

Stefan Genten takes an integrated view of sustainability and applies the same standards to both financial and non-financial indicators, such as CO_2 savings and occupational safety.

Sustainability goals also play a key role at ALTANA in the orientation of its growth and innovation strategy, in decisions on investments and acquisitions, in collaborations with suppliers, and very practically in target agreements and training.

We are building meaningful bridges to the energy transition.

Daniela Coan, Industrial Manager Operations and Research at ELANTAS in Cerquilho (Brazil)

She ensures that the best and most effective climate protection projects are supported in order to compensate for hitherto unavoidable greenhouse gas emissions. To this end, she works with one of the most prominent research institutes devoted to rainforest protection.


ELANTAS

For Daniela Coan, it is important that the initiatives have a visible and tangible effect.

OFFSETTING ON THE WAY TO CLIMATE NEUTRALITY

Carbon offsetting measures are important elements on the way to a sustainable, climate-neutral economy. This also applies to ALTANA worldwide. The challenge is to identify suitable offset projects that achieve the greatest possible effect, for example in Brazil.

Daniela Coan is Industrial Manager Operations and Research at ELANTAS do Brasil in Cerquilho. In this capacity, she is responsible for the site's carbon footprint. The focus is on sustainable management of resource consumption, particularly in the field of energy. Back in 2020, ALTANA switched its global electricity procurement Group-wide to renewable sources. In Germany, a Power Purchase Agreement has been in place since the beginning of 2021. As a result, ALTANA buys green electricity directly where it is generated.

The issue is also a top priority in Brazil. "We want to keep our carbon footprint as low as possible. To this end, we are making targeted investments in a green energy matrix, are procuring more and more energy directly from 'green' contractors, and have installed technical devices for environmentally compatible energy management at our plant. This enables us to operate in an increasingly energy-efficient manner. Furthermore, we are conducting studies to find out how we can completely dispense with fossil fuels as quickly as possible," explains Daniela Coan.

Entire production processes must be replaced by new technologies

But this cannot be realized in the short term in all cases, because many production processes are still based on natural gas and

Together with experts from the Luiz de Queiroz College of Agriculture of the University of São Paulo, Daniela Coan and her team are evaluating several approaches for conserving the Atlantic coast forest.

100%

Throughout the Group, ALTANA has switched one-hundred percent of its global electricity procurement to renewable sources.

must first be replaced by new technologies. In 2021, ALTANA invested for the first time in offset projects in accordance with the United Nations Sustainable Development Goals. In addition to reducing its own greenhouse gas emissions, ALTANA is also compensating for the unavoidable use of natural gas until 2025 by financing equivalent climate protection projects in the regions where the emissions occur. In the meantime, the company is supporting corresponding initiatives in the Chinese provinces of Hebei and Zhejiang as well as in the Indian states of Andhra Pradesh and Himachal Pradesh. In India, for example, ALTANA is supporting a project for generating energy from hydropower in the district of Kinnaur, and providing support for an initiative for sustainably generated electricity from wind in the district of Ananthapuramu. Both initiatives help reduce the high proportion of environmentally harmful coal-fired electricity production and promote the increased use of renewable energy sources to meet the country's growing energy needs.

Cooperation with universities and institutions

To ensure that the best and most effective offset projects are chosen, ELANTAS collaborates with universities in Brazil. An example is the Luiz de Queiroz College of Agriculture of the University of São Paulo, one of the most distinguished research institutes when it comes to rainforest conservation. Its experts are currently working with Daniela Coan and her team to evaluate several approaches to conserving the forest on the Atlantic coast. "With our involvement, we want to demonstrably contribute to protecting biodiversity and natural resources," explains Daniela Coan.

For Daniela Coan, it is important that the initiatives have a visible and tangible effect: "I firmly believe that we must make a contribution to ensuring that future generations will be left a world worth living in. So it is all the more important to know exactly where to invest most effectively on a local level. Offsetting can only be effective if it is pursued in a targeted and strategic manner. This is how we are building meaningful bridges to the energy transition."

Group Management Report

2021 was an equally challenging and successful year. Due to the extraordinarily high global demand for our products, ALTANA achieved its highest sales growth in the last ten years. In the process, we demonstrated our performance in terms of production and supply security for our customers in a market environment characterized by unprecedented price increases and shortages. At the same time, we achieved our long-term goals regarding profitability, value creation, occupational safety, and sustainability. We continued to drive forward our strategic research and development projects and digitalization, enhanced our long-term Group financing, and set the course for ALTANA's further profitable growth through acquisitions.

Group Basics

Organization and Legal Structure

The ALTANA Group is a global supplier of specialized chemical products and related services for different branches of industry and application fields. In the 2021 fiscal year, the Group's 66 consolidated subsidiaries and associated companies achieved sales of around € 2.7 billion. The ALTANA Group employs more than 6,700 people.

ALTANA's activities are grouped into four divisions, each of which has its own management and organizational structure. The divisions and the Group companies assigned to them are decentralized and empowered to largely make market-, location-, and product-related decisions themselves. The divisions are active worldwide and have their own production sites and sales offices as well as research and development laboratories in the regional markets that are important for them. In addition to the four operating divisions, there are holding companies in which Group management activities and internal services are bundled. Furthermore, activities for the cross-divisional development of new business areas are undertaken at this level.

ALTANA AG, headquartered in Wesel, is a stock corporation in accordance with German law. As the ALTANA Group's managing company, it assumes strategic control of the Group and the divisions. ALTANA AG is led by the Management Board, whose members act on their own responsibility and are solely committed to the interests of the company. The Management Board's activities are monitored by the Supervisory Board, whose members also advise the Management Board. More information on ALTANA AG's management and control system is provided in the Declaration on Corporate Governance in the Group Management Report.

All of the shares in ALTANA AG are held by SKion GmbH, Bad Homburg v. d. H., Germany, an investment company owned by Susanne Klatten.

The decentralized organizational structure combines the individual operating units' ability to act swiftly and cater to the needs of markets and customers with the advantages of a financially strong and internationally active group. The organization is designed to adapt flexibly to changed market conditions and a volatile economic environment. In addition, new activities can be integrated into the organization in a short time.

Business Activity and Divisions

As a globally active specialty chemicals group, ALTANA focuses its core activities on sophisticated markets and customers who need individual solutions.

A significant share of the ALTANA Group's product and service portfolio encompasses input materials for the production of coatings, printing inks, and plastics. In addition, ALTANA manufactures printing inks and coatings for special applications, products for 3D printing, insulating resins for the electrical and electronics industries, sealants for packaging, and measuring and testing instruments.

Activities of the Divisions

BYK

The BYK division is one of the leading international suppliers of special-purpose ingredients, so-called additives, used in coatings and paints, plastics, and other industrial applications. The division's products, most of which are used in only very small amounts, have a decisive influence on the properties of their customers' end products or enable customers to improve their manufacturing and industrial processes.

Wetting and dispersing additives, one of the division's main product groups, help improve the even distribution of

Business divisions and areas of application

ALTANA

BYK	ECKART	ELANTAS	ACTEGA
Paint Additives	Coatings	Wire Enamels	Flexible Packaging
Plastics Additives	Graphic Arts	Electrical	Metal Packaging Solutions
Industrial Applications	Cosmetics and Personal Care	Electronic	Paper & Board
Measuring and Testing Instruments	Plastics Industry	Engineering Materials	
	Functional Applications		

pigments and filling materials, and enable them to function better, for example in coatings and plastics. With the help of defoamers and air-release additives, foaming is prevented during the manufacture of coatings and paints as well as in end customers' applications. Surface additives are used to produce special properties such as shiny, matte or especially smooth surfaces. Rheology additives improve, for example, the flow behavior of coatings and plastics. The division also manufactures measuring and testing instruments that are used to determine surface properties, color shades, and optical effects.

BYK-Chemie GmbH, based in Wesel, is the management company of the division. In addition, it is the division's biggest production and development site for additives and the ALTANA Group company with the highest sales. BYK also produces at other sites in Germany, the Netherlands, Great Britain, as well as in China and the U.S. All of the measuring and testing instruments are manufactured at a site in southern Germany (Geretsried).

The division sells its products primarily under the brands BYK (additives) and BYK-Gardner (instruments). Due to its comprehensive portfolio, BYK is a system supplier and partner of coatings manufacturers and plastics processors in particular. On the basis of its great problem-solving expertise, BYK has also attained an important market position in many other industrial application fields in recent years.

The division markets its products in the important regions via its own companies and branches. In addition, a dense network of dealers and agents markets its products worldwide. BYK generates the highest share of its sales in Europe, followed by Asia and the Americas. In terms of countries, the U.S. makes the largest contribution to sales, followed by China and Germany.

BYK continually expands and supplements its product portfolio. To gear its innovation activities closely to the needs of the markets, the division has its own network of development laboratories, which cooperate closely with customers in the respective regions. At the same time, new fields of application are continually tapped for existing or new products.

ECKART

ALTANA concentrates the development, production, and sale of effect pigments in the ECKART division. Customers use these products to achieve visual and functional effects, primarily in coatings, plastics, printing inks, cosmetics, and construction materials. The principal raw materials are aluminum, copper, and zinc. Aside from metallic effect pigments, other pigments are offered based on synthetic minerals. The division's portfolio is supplemented by effect printing inks, metal powders and alloys for 3D printing, as well as the corresponding services.

Aluminum-based effect pigments comprise the largest part of ECKART's business. Customers use them particularly to achieve silver metallic effects, for example, for car paints or on graphic arts products. Aluminum pigments are also used for functional purposes, for example, in the manufacture of aerated concrete. Copper-based bronze effect pigments generate golden effects in paints, printing inks, and plastic products. Customers use zinc pigments in special paints to achieve functional properties, particularly for corrosion protection.

ECKART GmbH is the division's operating management company. It produces a large part of the effect pigments it sells worldwide in southern Germany (Hartenstein and Wackersdorf). Other manufacturing sites are located in Switzerland and Finland, as well as in China and the U.S.

The manufacturing process is characterized by a very high degree of value creation. In a number of successive steps, all kinds of pigments are made, refined chemically, and in some cases processed into press-ready printing inks.

The effect pigments are marketed predominantly via the division's own sales structures, but also by sales partners. ECKART's most important customers include international manufacturers of coatings, printing inks, and plastics. Other important customers are manufacturers in the construction industry and the cosmetics sector. ECKART achieves more than half of its sales in Europe. Its next largest sales regions are Asia and the Americas.

As an important manufacturer of metal effect pigments, ECKART continually pushes forward the development of new product qualities and opens up new fields of application on the basis of sophisticated technological expertise and many years of knowhow. The acquisition of the British specialist Aluminium Materials Technologies Ltd. (May 2020) and the business activities of TLS Technik GmbH & Co. Spezialpulver KG in February 2021 expanded the portfolio in industrial, metal-based 3D printing and customers can be offered even more high-performance materials.

ELANTAS

The companies in the ELANTAS division offer their customers a high level of expertise in the field of electrical insulation materials. As one of the world's leading suppliers of such products, the division's portfolio concentrates on coatings for insulating magnet wires as well as special resins and coatings for impregnating and protecting electrical and electronic components.

ELANTAS has its own holding structure under the management of ELANTAS GmbH, based in Wesel. The latter controls the division's activities and supports its operating subsidiaries, which develop and produce insulating materials in Germany, Italy, China, India, Malaysia, the U.S., and Brazil.

The division's products are marketed worldwide. Among its most important customer groups are magnet wire manufacturers, which need materials to insulate wires made of copper or aluminum. The division also supplies insulating resins and coatings directly to manufacturers of electrical and electronic components.

ELANTAS' most important sales region by far is Asia, and particularly China. A high proportion of global manufacture of electrical and electronic components and consumer goods is concentrated in this region. The division has had its own production sites in China, India, and Malaysia, as well as Germany, Italy, and the U.S. for years. After China, its most important sales markets are India, the U.S., and Italy.

On the basis of comprehensive expertise in the manufacture and application of liquid insulating systems, the division is steadily expanding its activities. It seeks to tap new application fields and thus growth potential by developing new insulating materials and applying specific polymerization knowhow. The global trend towards electromobility should ensure additional growth in this area.

ACTEGA

The ACTEGA division's portfolio is tailored to the needs of the packaging and graphic arts industries. It produces specialty coatings, printing inks, adhesives, and sealants used by customers to achieve functional and visual effects.

ACTEGA is managed by the holding company ACTEGA GmbH, based in Wesel. Its business activities are divided into three business lines: Flexible Packaging, Metal Packaging Solutions, and Paper & Board. In the area of research and development, activities are bundled in four technology groups. The products are distributed and manufactured by subsidiaries in Germany, France, Switzerland, Spain, China, Brazil, Chile, Canada, and the U.S.

Important product groups of the division include coatings and printing inks, as well as sealants and adhesives used to make packaging materials. A focal point of its product portfolio is the specific needs of the food industry with its high quality requirements. In addition, there is a demand for ACTEGA's printing inks and overprint varnishes among customers in the graphic arts industry. The division's largest sales region is Europe, followed by the Americas. Its most important individual markets are the U.S. and Germany.

Together with the packaging industry, and in direct contact with brand manufacturers, ACTEGA develops new and improved optic and haptic functionalities. Its innovation activities primarily aim to improve the safety and shelf life of packaged foods. In addition, ACTEGA product solutions help improve the sustainability of packaging materials.

In recent years, the division has invested in a targeted way in the acquisition and further development of existing and new technologies in order to tap new growth potential in the medium to long term for its business, to prepare its entry into new markets, and thus further expand its market position. In May 2021, for example, ACTEGA acquired Henkel's closure materials business. The acquisition primarily includes the takeover of technologies and customer relationships. Through this acquisition, ACTEGA was able to further expand its business with sealing compounds for the packaging industry. As a result, longstanding and new customers are to be supplied even better and more flexibly with innovative solutions in the future.

Important Influences on Business Development

ALTANA's different sales markets are influenced by various short-, medium-, and long-term trends.

Short- and medium-term fluctuations in demand result mainly from economic developments. The current development of consumer behavior is not the only factor. Our customers' expectations regarding the short-term development of the end markets downstream in the value chain also have a significant impact on their purchase behavior. This appraisal largely determines how much storage is reserved.

In addition, actual and expected changes in the prices of essential raw materials impact the sales situation. When raw-materials prices continually rise, customers look for alternative input materials and this influences overall sales or the product mix. The same applies to significant changes in other cost components that have a strong influence on the price of products. This price sensitivity of the markets is also reflected in short-term changes in demand, when for example stronger price fluctuations are expected for significant raw-materials markets.

The competitive situation in the different product-specific market segments can have similar effects on customer behavior. The entry of new manufacturers into a market or the withdrawal of existing manufacturers from a market and the competitors' prices can impact demand.

Long-term changes in demand for the Group's products and services are brought about on the one hand by global megatrends and the economic growth of certain regions. On the other hand, product and technological developments continually open up new sales potential or lead to product segments being discontinued.

In the course of a year, seasonal fluctuations in demand result from lower customer activity, for example during the Chinese New Year Festival, during the summer holiday season, and at the end of the year.

Strategy and Control System

Strategy

Current market requirements, and market demands expected for the future, determine the ALTANA Group's corporate action. The success of our customers is at the center of our business activities. We can only be successful in the competitive environment in the long run if we offer our customers added value.

Our top financial priority is to sustainably increase the company's value. To achieve this aim, we consistently gear ALTANA to profitable growth in future-oriented specialty chemicals markets.

At ALTANA, profitable growth is based on several pillars. The primary ones are to expand our operating activities in existing markets and to open up new adjacent sales segments. ALTANA's four divisions occupy significant competitive positions in their respective sales markets. This positioning is an important prerequisite for our being identified and acknowledged by market participants as a competent supplier of customized solutions. In addition to ALTANA's comprehensive product portfolio, innovation plays a key role in its high level of problem-solving expertise.

To enable customers to create new applications and strengthen their portfolio, ALTANA continually pushes forward its own research and development activities. To this end, our employees' knowhow and experience are just as important as investments in new technologies.

To continually expand our specialized portfolio, we regularly supplement our operating growth by acquiring new companies or business activities. As a result, for example, new value creation steps are integrated into the Group, or access to new markets and technologies is granted.

Control System and Goals

ALTANA's control system is fundamentally oriented to the goal of a sustainable increase in the company's value. A number of ratios, mainly financial, are derived whose developments are analyzed and for which target values are determined. The most important key performance indicators are ALTANA Value Added (AVA), sales growth, earnings before interest, taxes, depreciation and amortization (EBITDA), as well as the EBITDA margin and the investment level in relation to sales.

A change in the company's value in a given period is calculated by using the financial ratio ALTANA Value Added. The absolute AVA is calculated by subtracting the cost of capital employed in the Group from the operating earnings. The relative AVA constitutes this difference in proportion to the capital employed. It is calculated by subtracting the cost of capital from the return on capital employed (ROCE).

The calculation of the operating earnings starts with earnings before interest and taxes (EBIT), which are adjusted for acquisition-related and one-time special effects and from which a calculated tax burden is deducted.

The capital employed, in turn, encompasses those components of the assets and liabilities needed to achieve operating earnings. The cost of capital is determined from the weighted average of cost of debt and cost of equity. We regularly examine the weighted average cost of capital but only adjust it for the calculation of the AVA if it exceeds or falls below a certain range. For 2021, the cost of capital rate remained at 7.5 %. No adjustment is planned for 2022.

Key performance indicators are used for measuring the company's success and as criteria for strategic and operational decisions at the level of the Group holding company, the divisions, and individual companies. In addition, the key figure AVA is also used to determine variable compensation components.

Our goal is to achieve operating earnings that exceed the cost of capital on a sustainable basis. In recent years, we have managed to generate a positive AVA.

Sustainable profitable sales growth forms the basis for a long-term increase in our operating earnings and thus in the value of the company. ALTANA's goal is to outperform the general market growth in the most important sales segments and thus to obtain market shares.

In the long term, we aim to achieve average annual operating sales growth of 5 %. We seek to generate additional growth through acquisitions, either by acquiring supplementary activities at the level of our existing divisions or through the possible integration of new business activities.

But growth should not be achieved at the expense of profitability. Therefore, control of the EBITDA margin is very important for the ALTANA Group. The long-term target range for the EBITDA margin of the Group is 18 % to 20 %. Derived from this are long-term target margins for our four divisions, which may deviate from the average target value for the Group due to the different business activities and market characteristics. In the last years, the Group margins achieved were within or, in some years, even above the target range.

In addition to pursuing long-term sales and earnings growth, another focus to successfully increase the value of the company is control of the operating capital. The main factors of influence in this context are the development of fixed assets and of net working capital.

On average over several years, our investments in property, plant and equipment and intangible assets have been around 5 % to 6 % of our sales. Due to this continuity, sharp increases in operating capital and resulting short-term fluctuations of the AVA can be minimized. In addition, every important investment is examined regarding its short- and long-term effects on the company's value.

For the control of net working capital, which is of great importance for the development of operating capital, we use key performance indicators to analyze and control profitable growth and the company's value. These key performance indicators concern the scope of inventories as well as trade accounts receivable and payable.

Apart from the aforementioned essential financial control parameters, there are other financial key indicators that help us analyze and control profitable growth and the company's value. The most important ones are cost figures (cost of materials, personnel expenses, etc.).

To guarantee that all activities are geared uniformly to the Group's strategy, we also use non-financial key performance indicators. Significant control-relevant non-financial indicators and thus key performance indicators for Group management relate to the areas of occupational safety and climate neutrality. To track the achievement of the goal of continuously improving occupational safety, the Work Accident Indicator (WAI) is used, which includes WAI 1, WAI 2, and WAI 3, as a key performance indicator. The WAI shows the number of reported occupational accidents with lost work days in relation to one million hours worked in the respective attribute defined per key performance indicator (for details, see page 68 f.). Furthermore, the ALTANA Group is pursuing the goal of achieving climate neutrality in its sphere of influence by 2025. For the quantitative measurement of this strategic goal, there is a reporting system for greenhouse gas emissions in the form of CO_2 equivalents. The latter are reported as direct greenhouse gas emissions from sources controlled by the company (Scope 1) and as indirect greenhouse gas emissions from the performance-related purchase of electricity (Scope 2).

Apart from these two groups of indicators, there are other non-financial indicators which are not regarded as being relevant for control. These include data for the evaluation of innovation activities as well as other key performance indicators in the area of sustainability, for the analysis of sales markets and customer satisfaction.

Integrated Planning Processes

All of the key performance indicators relevant for control are compiled and analyzed within the framework of standardized reporting processes. To be able to use these key parameters effectively to control our strategy and possible short- and medium-term measures, there is an integrated planning process embracing different planning levels and dimensions.

The planning cycle has a strategic planning component, which combines the analysis of the essential performance indicators for future business development at the product group level with a detailed representation of the changes expected in the market environment.

From this, strategic measures are derived enabling us to react to expected developments at an early stage. These measures, developed in the strategic planning process, include not only fields of activity on current sales markets, but also concrete goals and planning steps for entry into new fields of business or application areas and changes in the portfolio of business activities.

The decisions taken within the framework of strategic planning enter into our subsequent medium-term financial planning. The latter delineates our growth and profitability goals for the coming three years and the effects of the expected business development on ALTANA's asset and financing structure. This is used to derive possible measures for our financing strategy. Our medium-term financial planning is supplemented by scenario analyses, which transparently reflect the sensitivities of the key performance indicators to relevant, predominantly cyclical changes in the market environment. From this, we derive levels of reaction for possible countermeasures.

Business Development

General Business Setting

Overall Economic Situation

Following the coronavirus pandemic-related declines in economic output in 2020, 2021 was characterized by an exceptionally strong demand-driven economic development. The International Monetary Fund (IMF) currently estimates that global economic output will increase by 5.9 % in 2021. The recovery of the global economy, which was already becoming apparent at the end of 2020, continued over the course of the year at roughly the level forecast for 2021. Despite recurring waves of infection, renewed comprehensive lockdown measures with a massive impact on the industry were largely averted through the use of newly developed vaccines and expanded testing capacities. However, as a result of the sharp increase in demand, energy and raw material prices rose significantly in the course of the year. A shortage of services and transport capacity in the logistics sector had an additional negative effect on global supply chains and the development of economic performance in individual economies. All countries achieved solid to high growth rates in 2021. As a result, many regions reached or exceeded the pre-crisis level of their economic performance. But at the end of the year the economy weakened again somewhat due to ongoing price increases and the emergence of new coronavirus variants.

According to IMF estimates, the Eurozone achieved 5.2 % growth in 2021. As a result, the decrease in economic output in the previous year (-6.4 %) would be only partially offset. No country was able to fully compensate for the crisis-induced slump. Despite good demand, growth in the Eurozone slowed. The main reasons for this, particularly in the second half of the year, were the sharp rise in energy prices and the sustained disruption of supply chains. In addition, the emergence of new waves of infections led to renewed restrictions on public life, thus putting a burden on economic activity. In Germany, the IMF estimates that economic output grew by 2.7 %, following a decline of 4.6 % in the previous year.

According to current IMF estimates, the economies of the Americas developed positively overall in 2021, albeit with slight differences. While the U.S. exceeded its pre-crisis level with growth in gross value added of 5.6 %, Canada did not with growth of 4.7 %. The Latin American countries grew by 6.8 % overall, roughly offsetting the previous year's decline. According to the IMF, Brazil achieved growth of 4.7 %, more than compensating for the pandemic-related losses.

According to the IMF, Asia was also able to achieve an overall increase in gross domestic product in 2021, but here too with varying intensity. China, which posted growth of 2.3 % in the previous year, closed 2021 with a growth rate of 8.1 %. India, which incurred severe losses in 2020 (-7.3 %), grew by 9.0 %. According to IMF estimates, growth was lower in the largest economies of Southeast Asia. The IMF anticipates that the countries of the ASEAN 5 group achieved overall growth of 3.1 %. Japan's growth is estimated at only 1.6 %.

Industry-Specific Framework Conditions

The American Chemistry Council (ACC) estimates that global chemical production grew by 5.8 % in the past fiscal year (previous year: -0.2 %). This development corresponds to the overall economic growth in 2021, but was not reflected equally in all regions.

According to estimates by the German Chemical Industry Association (VCI), Germany, Europe's largest chemical producer, recorded growth of 5.2 % for the industry as a whole. Excluding the share of the pharmaceutical sector, slightly lower growth is expected for the past fiscal year (VCI: 4.9 %). High growth rates were also reported in other Eurozone countries, such as Italy (VCI: 7.6 %) and France

(VCI: 6.0 %). In the United Kingdom, on the other hand, the industry achieved only slight growth (VCI: 2.0 %). Overall, according to the ACC, growth in the industry in Western Europe was slightly below the global average at 5.3 % and in Eastern Europe (including Russia) slightly above it at 5.9 %.

In the U.S., overall chemical production increased by only 1.4 %, according to the ACC. Unexpectedly severe winter conditions in February and other weather-related influences led to production losses that hit the chemical industry particularly hard. In Latin America, however, the industry performed better, with an overall increase of 4.9 %.

According to the ACC, the chemical industry in the Asia-Pacific region recorded the world's highest growth in the 2021 fiscal year, at 8.2 %. In keeping with the overall economic development, China, the largest producer, was also largely responsible for this development with 8.4 % growth (VCI). India also achieved strong growth, at 7.7 % (VCI), and was thus able to offset the high pandemic-related plunge in production output in 2020. In Japan, on the other hand, industry growth was much lower (3.7 %), according to the VCI.

The global increase in demand already seen in the fourth quarter of 2020 and the subsequent rise in industrial production became increasingly noticeable in the course of 2021. As a result, the price of a barrel of Brent crude oil rose continuously in the months from January to July 2021. From an initial 55 U.S. dollars, the price increased to as much as 75 U.S. dollars by July 2021. After a slight price correction in August and September, the price per barrel reached 84 U.S. dollars in October 2021, before falling back to a level of 74 U.S. dollars at the end of the year. The average price for the year (71 U.S. dollars) was therefore significantly higher than the previous year's level of 42 U.S. dollars.

Important Events for Business Development

In 2021, non-operating effects at ALTANA influenced the company's earnings and financial position as well as its assets.

The ECKART division acquired the business activities of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld, Germany, on February 1, 2021, thereby expanding its portfolio in industrial, metal-based 3D printing. Its sales development was positively influenced by the acquisition, while its earnings situation was slightly burdened. The ACTEGA division acquired the Henkel company's closure materials business on May 7, 2021, and was thus able to further expand its business with sealing compounds for the packaging industry. The acquisition had a positive effect on both sales and earnings.

In 2021, the development of the exchange rates between the euro, the Group currency, and other currencies important for ALTANA had a negative effect on the sales development and, to a lesser extent, on the earnings development. The exchange rate of the euro to the U.S. dollar had the greatest impact in 2021. At an average of 1.18 U.S. dollars for one euro, it was higher than in the previous year (1.14 U.S. dollars for one euro). Further significant negative effects from changed exchange-rate relations resulted from the rate of the Japanese yen to the euro, which at 129.88 yen for one euro was also higher than in the previous year (121.85 yen for one euro). By contrast, the average exchange rate of the euro against the Chinese renminbi fell from 7.87 renminbi for one euro to 7.63 renminbi for one euro in 2021, and therefore had a positive impact on sales and earnings. In addition, differences in exchange rates on the balance sheet date had a positive influence on balance sheet items compared to the previous year.

Business Performance

Group Sales Performance

Group sales totaled € 2,666.5 million in 2021, an increase of 22.4 % or € 488.4 million compared to the previous year (€ 2,178.2 million). Non-operating effects generally had a slightly positive impact on sales development. The aforementioned negative exchange-rate changes resulted in a slight sales decrease of less than 1 %. Acquisitions, on the other hand, increased sales by a total of € 28.9 million. The effects were calculated in each case on the basis of the months in which the acquired business belonged to the Group. Of this amount, € 13.0 million related in particular to the acquisition of Henkel's closure materials business for the ACTEGA division on May 7, 2021, € 7.5 million to the acquisition, back in 2020, of Schmid Rhyner AG in Switzerland for the ACTEGA division, and € 8.3 million to the business activities of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld, Germany, acquired for the ECKART division on February 1, 2021. Adjusted for currency and acquisition effects, sales were 21.9 % above the prior-year figure.

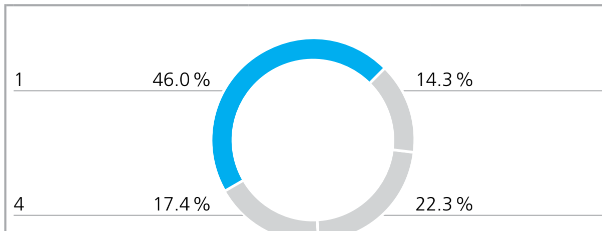
This not only far exceeded the operating sales growth in the low to mid single-digit percentage range forecast at the beginning of the year for 2021, but was also the strongest sales growth of the past ten years. The upturn that had already begun in the fourth quarter of 2020 picked up considerable momentum in the course of the first quarter of 2021. Overall, historically high capacity utilization and record sales were reported in almost all areas in 2021, so that by the end of 2021 nearly all business areas had already reached or in some cases even significantly exceeded the sales level of 2018. This was mainly achieved by increasing sales volumes, but also by improving the product mix and adjusting selling prices as a result of higher raw material and logistics costs.

Key figures

	2020	**2021**	Δ %	Δ % op.[1]
in € million				
Sales	2,178.2	2,666.5	22	22
Earnings before interest, taxes, depreciation and amortization (EBITDA)	426.0	481.7	13	14
EBITDA margin	*19.6 %*	*18.1 %*		
Operating income (EBIT)	185.7	322.8	74	77
EBIT margin	*8.5 %*	*12.1 %*		
Earnings before taxes (EBT)	142.7	275.0	93	96
EBT margin	*6.6 %*	*10.3 %*		
Net income (EAT)	75.1	195.2	> 100	
EAT margin	*3.5 %*	*7.3 %*		

[1] Operating deviation, i.e. adjusted for acquisition and divestment as well as exchange-rate effects. This adjustment also applies to other sections of this management report.

Sales by division



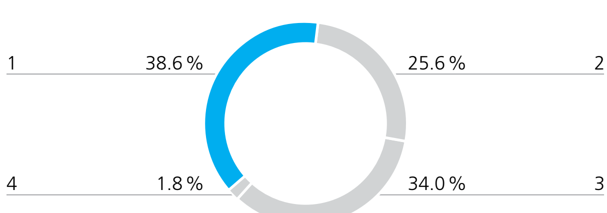
in € million	2020	**2021**	Δ %	Δ % op.
1 BYK	1,008.7	1,227.2	22	23
2 ECKART	315.2	382.8	21	20
3 ELANTAS	463.3	593.6	28	28
4 ACTEGA	391.0	462.9	18	15
Total	**2,178.2**	**2,666.5**	**22**	**22**

The regional sales volume and sales structure shifted only slightly compared to the previous year. With an unchanged share of 39 % of total Group sales, Europe remains the most important sales region for ALTANA. The nominal growth of 22 %, or 20 % in operational terms when adjusted for acquisitions and exchange-rate effects, reflects the global development. Double-digit growth rates were achieved throughout the Eurozone, in the United Kingdom, as well as in the markets in Eastern Europe and Turkey.

In 2021, sales in the Americas were 16 % up on the previous year's figure. Adjusted for negative currency effects, operating growth amounted to 19 %. Operating sales in the U.S. increased by 16 %, accounting for 17 % of total Group sales in 2021 (2020: 18 %). All of the other countries in the Americas also reported double-digit growth rates. Mexico achieved the strongest operating growth at 27 %, followed by Canada and Brazil. The Americas' share of total Group sales fell slightly to 26 % in 2021 (previous year: 27 %).

In the past fiscal year, Asia increased its share of total Group sales from 33 % to 34 %. In nominal and operating terms, Asia also recorded the highest growth rates within the Group last year (nominal growth 27 %, operating growth 26 %). This development was mainly driven by China. With a share of 19 % of total sales, that country is now ALTANA's largest single sales market. Operating growth in China amounted to 29 %, but was surpassed by India, ALTANA's second-largest Asian sales market. In India, the company achieved the highest growth in percentage terms with operating growth of 41 %. Only the countries of the Middle East showed a decline in operating sales (-6 %) compared to the previous year.

Sales by region



in € million	2020	**2021**	Δ %	Δ % op.
1 Europe	842.5	1,029.3	22	20
thereof Germany	*244.5*	*295.3*	*21*	*19*
2 Americas	585.9	681.6	16	19
thereof U.S.	*396.6*	*445.5*	*12*	*16*
3 Asia	711.8	905.5	27	26
thereof China	*385.2*	*515.0*	*34*	*29*
4 Other regions	37.9	50.1	32	29
Total	**2,178.2**	**2,666.5**	**22**	**22**

Sales Performance of BYK

In the 2021 fiscal year, sales in the BYK division increased by 22 % or € 218.5 million to € 1,227.2 million (previous year: € 1,008.7 million). This figure includes negative exchange-rate changes of € - 10.3 million. Adjusted for this effect, operating sales were 23 % higher than in the previous year.

The division's double-digit sales growth in 2021 was uniform across all markets and regions. Following an unexpectedly good fourth quarter of 2020, demand in the subsequent quarters was also at an unprecedented level. Despite a difficult business environment – problems delivering manufacturing materials, bottlenecks in the availability of logistics services, and unexpectedly harsh weather conditions in February in Germany and the U.S. – impressive year-over-year growth was achieved for all product lines. This was primarily reflected in additive sales in the Paints and Plastics product lines, but the other product lines also developed better than forecast.

The regional sales development in 2021 also showed operating growth across all markets on a scale not previously achieved. The strongest sales growth was achieved in Asia, with India, which incurred particularly severe losses in the pandemic year 2020, leading the way in percentage terms with over 50 % growth. With the exception of Japan, where operating sales growth was in the high single digits, all other countries in the region, including China, BYK's second-largest sales market, contributed to the division's high sales growth with double-digit growth rates. Operating sales in the Americas – mainly influenced by the U.S., BYK's largest single market – also developed very positively vis-à-vis the previous year. Mexico and Canada led the way, followed by Latin American countries, the U.S., and Brazil. Europe also showed significant operating growth overall. In the Eurozone, Italy in particular made up for the pandemic-related sales declines in 2020, recording operating growth of over 30 %, followed by Germany, the strongest country in the region in terms of sales, which grew by 23 %.

Sales Performance of ECKART

The ECKART division generated sales of € 382.8 million in 2021 (previous year: € 315.2 million). The year-over-year increase of 21 % was slightly negatively influenced by exchange-rate effects and positively influenced by the acquisition of the business activities of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld in February of the year. Adjusted for these effects, operating sales increased by 20 %. The ECKART division also recovered from the pandemic-related slump in demand in 2020, slightly exceeding its pre-crisis level overall. The recovery was spread across all the industries it supplies, although demand in the automotive industry, partly due to supply bottlenecks in the semiconductor technology sector, has not yet returned to pre-crisis levels. The same applies to the cosmetic applications sector.

The positive sales trend was reflected in all regions in 2021, albeit to varying degrees of intensity. Asia, with China as its strongest sales market, achieved strong growth with the exception of the Middle East. The Americas, which incurred the greatest losses in the previous year, caught up significantly, but were not yet able to return to pre-crisis levels. The highest operating growth was achieved in Europe, both in the Eurozone and in the other markets, and in nominal terms this region even exceeded the pre-crisis level.

Sales Performance of ELANTAS

In the ELANTAS division, sales increased in 2021 by 28 % or € 130.3 million to € 593.6 million (previous year: € 463.3 million). The operating sales growth, adjusted for slight positive currency effects, was at the same level. ELANTAS thus achieved the highest operating growth within the Group in year-to-year terms. The division's very positive development was mainly due to volume increases far above the pre-crisis level. Price adjustments to compensate for material cost increases, which had the greatest impact in this division, also contributed to the sales growth.

A look at the regions shows a continuation of the trend already evident in the previous year. Asia in particular, and especially China, the largest sales market in the region, recorded the strongest sales growth with volume increases far exceeding the pre-crisis level. The Americas, with the U.S. as the most important single market, also recorded high growth rates with double-digit operating sales gains in all countries. As in the previous year, Brazil was particularly noteworthy in this region, continuing to perform consistently well. In Europe, too, the pandemic-related decline of the previous year was more than offset across all markets. In Italy in particular, the largest single market in the region, pre-crisis levels were surpassed by far.

Sales Performance of ACTEGA

With sales of € 462.9 million (previous year: € 391.0 million), the ACTEGA division achieved growth of 18 % compared to 2020. The division benefited, among other things, from the acquisition of Swiss Schmid Rhyner AG in February 2020 and the acquisition of Henkel's closure materials business in May 2021. Adjusted for acquisition and currency effects, ACTEGA achieved operating growth of 15 % in 2021. Both the increase in sales volume and price adjustments and positive product mix effects contributed to this result.

All three of the ACTEGA division's business lines generated growth in 2021 compared to the previous year. Similar to 2020, strong sales growth was achieved above all in the food packaging sector, in which all three business lines are active. Individually, the Paper & Board business line increased operating sales by 14 % compared to the previous year. Sales in the Flexible Packaging business line also continued to increase year-on-year in the low double-digit range. The Metal Packaging Solutions business line recorded the most significant increase in sales, mainly due to the acquisition of Henkel's closure materials business. However, even excluding the new acquisition, operating sales were clearly above the previous year's level with significant double-digit growth.

The development in 2021 was positive across all regions. In Europe, the largest region, growth in operating terms lagged behind that of the other regions, but was well into double digits. Germany, the largest single market in Europe, recorded solid single-digit growth in operating terms. Most other countries in the region even achieved double-digit growth rates. In the Americas, nominal and operating sales were well above the level of the previous year. In the USA, the largest single market, moderate operating growth in the single-digit range was achieved. In Brazil, operating sales increased by 28 %. Asia, still the smallest region, also recorded double-digit sales growth last year – both in nominal and operating terms. The drivers of this positive development were China, with an operating sales increase of more than 40 %, and India, with sales up by 30 %.

Earnings Situation

In an environment characterized by exceptionally high demand dynamics and, at the same time, enormous price increases, shortages, and disrupted global supply chains, ALTANA successfully continued its strategy of sustained profitable growth, achieving its highest earnings before interest, taxes, depreciation, and amortization (EBITDA) to date. Compared to the previous year, EBITDA increased by 13 % or € 55.8 million to € 481.7 million (previous year: € 426.0 million). Adjusted for acquisition and exchange-rate effects, operating growth amounted to 14 %. At 18.1 %, the EBITDA margin was below the previous year's figure of 19.6 % due to the substantial increase in purchase costs, but within our strategic target range of 18 % to 20 %. The price adjustments made to compensate in particular for the increases in material costs played a major role in securing the earnings margin.

The historically high volume growth resulted in an absolute EBITDA figure far surpassing our expectations for 2021 and an EBITDA margin in line with our forecast.

The most important cost parameter for ALTANA, variable raw-material and packaging costs, developed negatively compared to the previous year due to a strong overall increase in raw-material prices. The material usage ratio, the ratio of these costs to sales, increased steadily over the course of 2021 from 41.9 % in the fourth quarter of 2020 to 48.2 % in the fourth quarter of 2021. For 2021 as a whole, the material usage ratio was 45.4 %, significantly higher than the prior-year figure of 41.3 % and also higher than we had forecast at the beginning of the year. The increase in the cost of materials affected all four divisions.

In 2021, other cost items developed mainly in line with the positive business performance, high capacity utilization and – due to the high level of demand in the overall economy – the increase in energy and logistics costs in particular.

Depreciation and amortization must be considered separately; due to the absence of non-recurring effects from the impairment of goodwill, the overall figure was well below that of the previous year. Adjusted for this effect, depreciation and amortization increased by 3 % in a year-to-year comparison. Personnel expenses were impacted by the increase in production capacity and the associated increase in the number of positions, in addition to annual pay rises. Accordingly, personnel expenses rose above the previous year's figures, which were influenced by the pandemic. The ratio of total personnel costs to sales decreased to 20.9 % (previous year: 23.4 %) due to the sharp increase in sales. The extraordinary volume growth, high capacity utilization, and higher price levels led to an increase in all operating functional cost areas, particularly in the area of semi-variable production and selling expenses. In addition, there was a significant increase in IT security costs, with additional sums spent on protective and defensive measures against cybercrime in the wake of the increasing threat. All functional areas were affected.

Within production costs, personnel costs in particular were higher than in the previous year due to high capacity utilization. However, increased energy costs, higher maintenance costs, and higher expenses for temporary employees also led to a year-over-year rise.

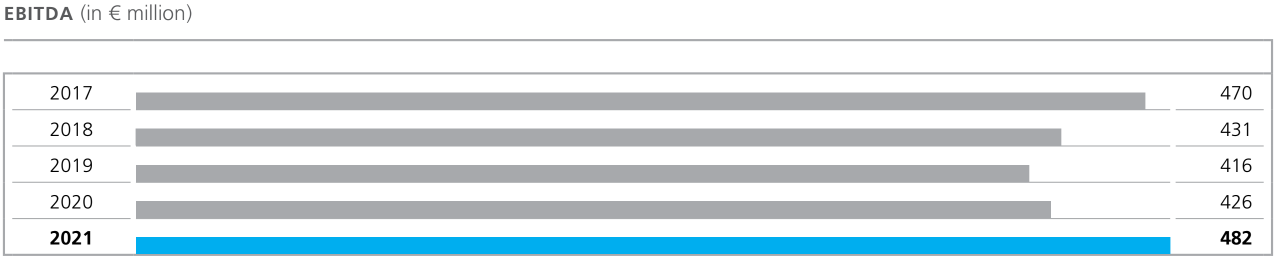
In terms of selling expenses, the main drivers were freight costs, which accounted for more than half of the cost increase. In second place, the increase in personnel costs, mainly due to the growth in business activities, was also responsible for the increase.

Research and development expenses also rose. In this area, too, the reason for the increase was personnel expens-

Multi-period overview of the earnings situation

Sales (in € million)

EBITDA (in € million)



es and higher consulting costs. The ratio of research and development costs to total sales decreased from 7.5 % to 6.7 % due to the high sales growth in 2021, but remains in line with our target of around 7 %.

Administrative expenses increased compared with the previous year. Here, too, the main reasons were higher personnel expenses and consulting costs. However, the ratio of administrative expenses to sales decreased from 4.8 % to 4.4 %.

The balance of other operating income and expenses improved compared to the previous year due to the discontinuation of the amortization of goodwill at ECKART, which was a significant component of this item in the previous year. Earnings before interest and taxes (EBIT) amounted to € 322.8 million, 77 % higher in operational terms than in the previous year (€ 185.7 million).

At € -2.0 million, the financial result was higher than the previous year's figure of € -4.2 million. The result of companies accounted for using the at-equity method changed from € -38.9 million in the previous year to € -45.8 million in the 2021 fiscal year. The largest share of this figure relates to our investment in Landa Corporation Ltd.

Earnings before taxes (EBT) increased to € 275.0 million (previous year: € 142.7 million), and earnings after taxes (EAT) to € 195.2 million (previous year: € 75.1 million). The adjusted income tax rate was slightly lower than in the previous year.

Asset and Financial Situation

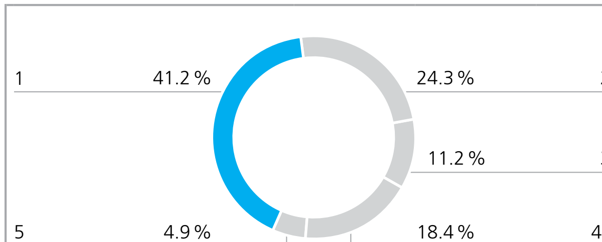
Capital Expenditure

In the past fiscal year, ALTANA invested a total of € 149.3 million in intangible assets and property, plant and equipment. Of this amount, € 46.3 million were spent on acquiring intangible assets and property, plant and equipment in connection with the acquisition of business activities in the ACTEGA division. At € 103.0 million, capital expenditure adjusted for this special item was slightly lower than in the previous year (€ 105.2 million). The adjusted investment ratio, that is the ratio of capital expenditures to sales, at 3.9 %, was also below our long-term target range of 5 % to 6 % due to the high sales growth.

Of the € 103.0 million invested, € 93.5 million (previous year: € 96.3 million) related to property, plant and equipment. For several years, major projects have been carried out to strategically expand global production and laboratory capacities. Investments in intangible assets totaled € 9.5 million in the past fiscal year, compared to € 8.9 million in 2020.

In the regional distribution of investments, there was a project-related shift in favor of Europe vis-à-vis the previous year. While the America's share decreased from 31 % in 2020 to 27 % in the reporting year, Europe's share grew

Capital expenditure by division



in € million	2020	**2021**	Δ %
1 BYK	42.8	42.6	0
2 ECKART	26.3	24.9	-5
3 ELANTAS	14.4	11.5	-20
4 ACTEGA	16.1	65.2	>100
5 Holding	5.6	5.0	-10
Total	**105.2**	**149.3**	**42**

[1] Excluding acquisition-related investments

to 61 % (2020: 57 %). The main focus of investment activity was on Germany (48 %) and the U.S. (25 %). Asia's share of the total volume remained unchanged from 2020 at 12 %.

The BYK division invested a total of € 42.6 million in 2021, the same level as in the previous year. Investment activity focused on the further expansion of production capacities in Germany and on sites in China. Other investments concerned research and development capacities as well as strategic digitization projects.

At € 24.9 million, the ECKART division's investment volume was lower than in the previous year (€ 26.3 million). As in 2020, the division's site in the U.S. and the site in Hartenstein accounted for by far the largest shares.

The ELANTAS division invested less in property, plant and equipment and intangible assets (€ 11.5 million) than in the previous year (€ 14.4 million). In the past fiscal year, the division invested primarily in the production facilities of its European companies.

At € 18.9 million, the ACTEGA division increased its capital expenditure compared to 2020 (€ 16.1 million). Investments in the past fiscal year mainly related to the expansion of manufacturing capacities at German sites.

Balance Sheet Structure

Key figures

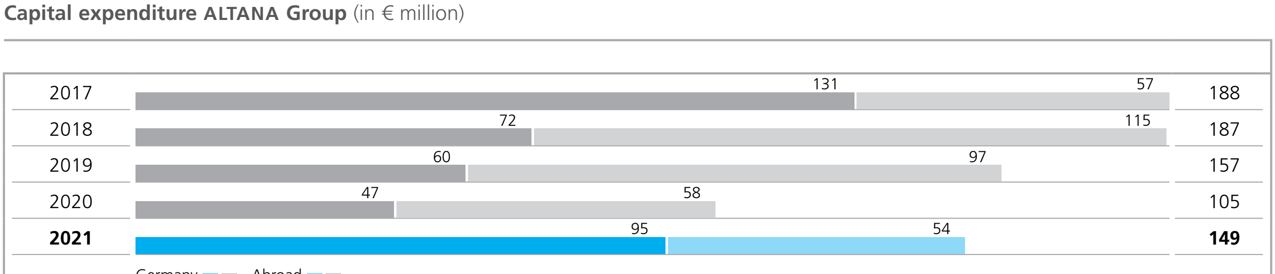
	2020	**2021**	Δ %
in € million			
Total assets	3,263.1	3,636.0	11
Shareholders' equity	2,398.9	2,675.4	12
Net debt (-)/ Net financial assets (+)[1]	34.2	67.7	98

[1] Comprises cash and cash equivalents, short-term financial assets, current marketable securities, loans granted, debt, and employee benefit obligations.

In the course of the 2021 fiscal year, the ALTANA Group's total assets rose from € 3,263.1 million to € 3,636.0 million. The increase of € 372.9 million or 11 % results primarily from an increase in current assets due to the strong growth in operating activities compared to the previous year.

Intangible assets climbed to € 995.3 million (previous year: € 933.1 million), mainly attributable to acquisitions in the ECKART and ACTEGA divisions. Property, plant and equipment also increased slightly in value, developing from € 959.5 million in the previous year to € 997.9 million. With additions of € 93.5 million, the level of investment in

Capital expenditure ALTANA Group (in € million)



property, plant and equipment was below that of depreciation and amortization. Positive exchange-rate effects contributed to an increase in the carrying amounts in the Group currency, the euro, in both areas.

Total non-current assets amounted to € 2,143.3 million at the balance sheet date (previous year: € 2,070.5 million), up € 72.8 million on the previous year. Their share of total assets decreased to 59 % (2020: 63 %).

The change in current assets was mainly due to the increase in inventories and trade accounts receivable. On the one hand, the value of inventories rose as a result of price increases and, on the other, the volume of inventories was deliberately increased in the second half of 2021 to compensate for supply bottlenecks and to secure the required volumes, particularly in the BYK and ECKART divisions. As a result of the higher sales volume, trade receivables also rose. Due to these effects, net working capital was significantly higher in absolute terms than in the previous year. Inventories increased to € 511.5 million (previous year: € 336.4 million). At € 473.4 million, trade receivables were also higher than in the previous year (2020: € 400.5 million). In the balance with current liabilities, net working capital, at € 737.1 million, was well above the level of 2020 (€ 550.3 million). The scope of net working capital, in relation to the business development in each of the preceding three months, rose to 118 days, compared with 101 days at the end of 2020. Absolute net working capital as well as the scope were thus higher than the figures expected for 2021, as neither the increase in sales nor the supply bottlenecks arising in the course of the year could have been forecast at the beginning of the year. Cash and cash equivalents decreased in the course of the year to € 259.9 million (previous year: € 313.7 million). The decrease is mainly due to money market investments made in 2021 with a contractual term of more than three months and less than one year amounting to € 63.8 million. Total current assets climbed to € 1,492.7 million (previous year: € 1,192.6 million).

Structure of consolidated balance sheet

Assets	Dec. 31, 2020		**Dec. 31, 2021**	
	€ million	%	€ million	%
Non-current assets	2,070.5	63	2,143.3	59
Inventories, trade accounts receivable and other current assets	849.0	26	1,134.2	31
Cash, short-term financial assets, and cash equivalents and marketable securities	343.6	11	358.5	10
Total assets	**3,263.1**	**100**	**3,636.0**	**100**

Shareholders' equity and liabilities	Dec. 31, 2020		**Dec. 31, 2021**	
	€ million	%	€ million	%
Shareholders' equity	2,398.9	73	2,675.4	74
Non-current liabilities	445.7	14	432.5	12
Current liabilities	418.5	13	528.2	14
Total shareholders' equity and liabilities	**3,263.1**	**100**	**3,636.0**	**100**

On the liabilities side, changes resulted primarily from earnings-related increases in equity, increases in trade payables, and exchange rate-related adjustments. The Group's equity improved overall by € 276.5 million or 12 % to € 2,675.4 million (previous year: € 2,398.9 million). The positive result for the year made a significant contribution to this. At 74 %, the equity ratio as of December 31, 2021, was slightly above the previous year's level (73 %).

There was no significant change in total non-current liabilities at the end of 2021. Overall, non-current liabilities decreased by € 13.2 million to € 432.5 million (previous year: € 445.7 million).

However, the total current liabilities reported on the balance sheet as of December 31, 2021, increased from € 418.5 million to € 528.2 million. Owing to the significant increase in business activity and the price increases for energy, freight, and raw materials, trade payables also grew, rising by € 61.3 million to € 247.8 million in the year under review.

The balance of cash and cash equivalents, short-term financial assets, current marketable securities, loans granted, financial liabilities, and employee benefit obligations resulted in net financial assets of € 67.7 million at the balance sheet date of December 31, 2021. This corresponds to an increase of € 33.6 million compared with the previous year.

Principles and Goals of Our Financing Strategy

We generally aim to finance our operating business activities from the cash flow from operating activities. The same applies to the need for capital expenditure, which caters to the continual expansion of business activities.

As a result, our financing strategy is oriented to keeping the cash and cash equivalents generated within the Group centralized. In addition, a financing framework is sought that enables ALTANA to flexibly and quickly carry out acquisitions and even large investment projects beyond the accustomed scope.

To successfully implement these goals, we manage nearly all of the Group's internal financing centrally via ALTANA AG. To this end, cash pools are set up for the important currency areas.

In June 2021, ALTANA restructured its long-term Group financing: Since June 2021, ALTANA has had access to € 250.0 million in the form of a syndicated credit facility from an international bank consortium for the next five to seven years. In addition, ALTANA has had access to loans from the European Investment Bank (EIB) of up to € 200.0 million since the end of June 2021 for the development of climate-friendly, digital, and sustainable products. Neither facility was utilized in the 2021 fiscal year.

This financing structure offers ALTANA the flexibility it needs to appropriately take advantage of short-term or investment-intensive growth opportunities. The distribution of the maturities of the financing instruments we use enables us to optimally control repayment of liabilities with inflows from operating cash flow.

Off-balance-sheet financing instruments result from bank guarantees, purchasing commitments, and guarantees for pension plans. Details on the existing financing instruments are provided in the complete Consolidated Financial Statements.

Liquidity Analysis

Key figures

	2020	**2021**	Δ %
in € million			
Cash flow from operating activities	373.6	244.4	-35
Cash flow from investing activities	(220.0)	(246.8)	-12
Cash flow from financing activities	(99.9)	(61.3)	39

In the course of 2021, cash and cash equivalents decreased by € 53.7 million to € 259.9 million (previous year: € 313.7 million). At € 244.4 million, the cash inflow from operating activities was below the previous year's level (€ 373.6 million), despite higher consolidated net income. This reflects the high level of capital tied up in net working capital, in particular the sharp rise in inventories.

Cash outflow from investment activities increased in the reporting year to € 246.8 million (previous year: € 220.0 million). The main reason was the increase in the portfolio of current financial assets. Expenditure on acquisitions in 2021 was at a lower level than in 2020 and investments in intangible assets and property, plant and equipment adjusted for acquisitions were at roughly the same level as in 2020.

Cash flow from financing activities amounted to € 61.3 million in the 2021 fiscal year – less than in the previous year (€ 99.9 million). The current debt outflows almost exclusively concerned lease payments. In the 2021 fiscal year, ALTANA AG paid a dividend amounting to € 50.0 million (previous year: € 30.0 million).

Value Management

Key figures value management

	2020	**2021**
in € million		
Operating capital (annual average)	2,928.7	3,082.5
Operating earnings	246.1	297.4
Return on capital employed (ROCE)	*8.4 %*	*9.6 %*
Weighted average cost of capital	*7.5 %*	*7.5 %*
ALTANA Value Added (relative AVA)	*0.9 %*	*2.1 %*
ALTANA Value Added (absolute AVA)	26.5	66.2

ALTANA determines the change in the company's value via the key figure ALTANA Value Added (AVA), whose calculation is explained in the "Group Basics" section. In the 2021 fiscal year, thanks to the strong growth in connection with measures to secure profitability and despite challenging framework conditions, a clearly positive contribution to the development of our company's value was generated, which was significantly higher than in the previous year and exceeded our expectations.

The positive earnings trend is reflected in decisive operating earnings of € 297.4 million (previous year: € 246.1 million). The Group's average capital employed increased to € 3,082.5 million in 2021 (previous year: € 2,928.7 million). The cost of capital remained unchanged at 7.5 %, resulting in a cost of capital of € 231.2 million (previous year: € 219.6 million).

At 9.6 %, the return on capital employed (ROCE) significantly exceeded the prior-year figure (8.4 %). Absolute value added totaled € 66.2 million in the past fiscal year, compared to € 26.5 million the year before, and relative AVA rose from 0.9 % to 2.1 % in 2021. The decline in the value management key figures originally forecast for 2021 was avoided due to the very good development of the earnings situation.

Innovation, Employees, Environment, and Safety

Innovation

As a specialty chemicals company, innovations are an important factor for ALTANA, enabling us to offer our customers new, competitive solutions and at the same time to meet current requirements regarding performance profile, costs, environmental protection, and sustainability. Thanks to close cooperation with our customers, we are able to identify global technology trends at an early stage and to be immediately involved in new development fields. This enables us to develop tailored solutions quickly and reliably. We build on existing competencies, on the one hand, and gain access to new ones on the other, in order to continuously adapt our product portfolio to market and customer needs. There is also great potential to combine our competencies across the divisions to establish innovative solutions on the market more quickly and efficiently. To this end, our researchers and developers have access to the latest analytical methods in our chemical laboratories and application-technology test laboratories. Numerous awards from our customers underscore our success as an innovative solutions provider.

In addition to the activities in the business divisions, selected innovations are initiated and coordinated at the ALTANA level, aimed at tapping new business fields and absorbing technology and market trends. The basis for these innovations are the strong competencies of the divisions along the entire value chain as well as the synergies that arise between the divisions. For the design of new innovation areas, we use three different but thematically complementary approaches: the ALTANA Institute, our technology platforms, and corporate venturing.

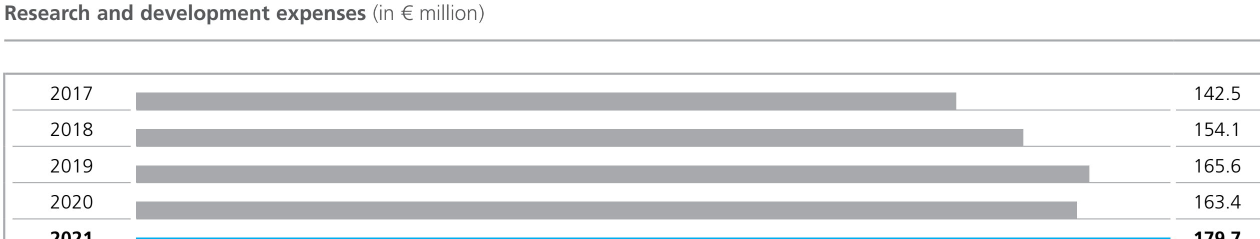
With the help of the ALTANA Institute, external networks and close cooperation with universities and research institutes around the world are used to harness outside impetus. Here we cooperate in the area of basic research on topics that form the foundation for further more application-oriented internal research and development activities. In addition to the technology transfers of the first completed projects to the divisions, this year also saw the establishment of a new international research cooperation with the University of Haute-Alsace in France and a collaboration with Friedrich Schiller University in Jena.

As in 2020, in the 2021 fiscal year ALTANA's investments in technology platforms exceeded the previous year's figures. This once again demonstrates the progressive expansion of investments based on targeted customer cooperation.

Despite the pandemic-related restrictions both in terms of customer support and expansion of the customer base, the Printed Electronics innovation platform, which has been integrated into ELANTAS, succeeded in generating initial sales, building up a solid sales pipeline on this basis and acquiring new business.

A versatile product portfolio for 3D printing was developed as part of the Cubic Ink technology platform. In

Research and development expenses (in € million)



close cooperation with dp polar GmbH, in which ALTANA holds a stake, this ink portfolio is used in development partnerships with customers to provide efficient and sustainable solutions through innovative polar printing technology. In addition to polar printing technology, the ink portfolio was expanded to include inks for SLA (stereolithography printing), a standard process in the 3D printing industry. These products were presented to the market for the first time at Formnext, the leading international trade fair for additive manufacturing technologies, in 2021.

The laser transfer technology platform Heliosonic also made progress. It expanded its pigment portfolio and was thus able to enter into more strategic development partnerships beyond the graphic arts industry. This year, further feasibility studies were carried out in the security printing and electronics sectors. In addition, the design and construction of a roll-to-roll printing machine was completed and went into operation at the newly occupied site in Rüsselsheim.

Thanks to the close cooperation between the central departments Corporate Innovation and Corporate Venturing, ALTANA can continuously examine technology and market potential and enter new attractive markets by means of targeted investments in innovative technology companies. In this context, ALTANA again increased its investment in the company TAU ACT GmbH, Berlin, in the 2021 fiscal year.

The basis for our innovative strength is an open and dynamic corporate culture that gives the 1,221 employees in our worldwide research and development centers freedom for creative and entrepreneurial action. The equipment in our development centers enables our employees to turn their ideas into market-ready solutions. In 2021, our research and development expenses increased to € 179.7 million, compared to € 163.4 million in the previous year. We fell slightly short of the budgeted figure for 2021 due to ongoing pandemic-related uncertainties. The reduced share of sales accounted for by research and development expenses of 6.7 % (previous year: 7.5 %) is due in particular to the extraordinary increase in sales. In general, our expenditures are related to the achievement of important milestones, the implementation of individual customer requirements in future innovative products, and the long-term orientation of our innovation activities.

Employees

At the end of 2021, the companies of the ALTANA Group employed 6,731 people worldwide (previous year: 6,529). The increase of 202 persons or 3 % compared to the previous year is due on the one hand to acquisitions in the ECKART (+36 employees) and ACTEGA (+12 employees) divisions, and on the other to increased personnel requirements to cover the increased demand (especially in the BYK division).

In the BYK division, the number of employees rose by 113 to 2,420 (previous year: 2,307). The workforce mainly increased in production areas of the BYK companies in Germany and the U.S. due to the sharp rise in production volumes.

In the ECKART division, staff numbers increased by 41 to 1,735 in the course of 2021 (previous year: 1,694). The changes mainly concerned production and are almost exclusively attributable to the acquisition of the business activities of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld.

ELANTAS recorded a slight decline of 10 employees to 1,061 (previous year: 1,071). Most of this decrease concerns employees in administrative areas.

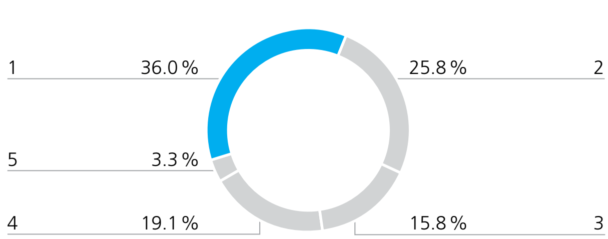
In the ACTEGA division, staff numbers rose by 46 to 1,284 in the course of the year (previous year: 1,238). One driver was the acquisition of the Henkel company's closure materials business, which led to an increase of 12 employees. In addition, staff were added in sales and administrative areas, mainly in the field of information technology.

In the Group's holding companies, the headcount rose by 12 to 231 in the past fiscal year (prior year: 219). The

Employees in research and development

BYK	497
ECKART	274
ELANTAS	158
ACTEGA	262
Holding	30
Total	**1,221**

Employees by division

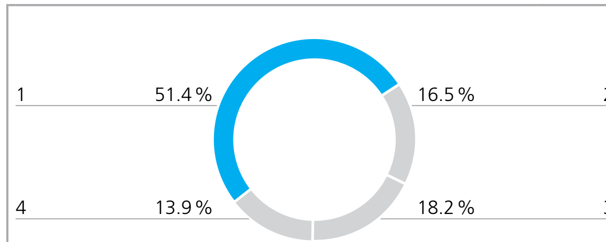


	Dec. 31, 2020	**Dec. 31, 2021**	Δ %
1 BYK	2,307	2,420	5
2 ECKART	1,694	1,735	2
3 ELANTAS	1,071	1,061	- 1
4 ACTEGA	1,238	1,284	4
5 Holding	219	231	5
Total	**6,529**	**6,731**	**3**

largest increase was recorded at ALTANA Management Services GmbH, with 8 additional employees.

The functional structure of the workforce did not change significantly in the 2021 fiscal year. With 51 % or 3,463 people (previous year: 3,305), most of the employees continued to work in production. The research and development workforce increased only slightly by 3 to 1,221 in 2021 (previous year: 1,218). In marketing and sales, the number of employees increased by a total of 21 to 1,112 in 2021 (previous year: 1,091). In the year under review, 935 people were employed in administration (previous year: 915).

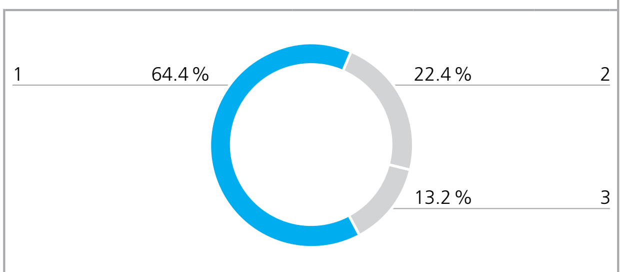
Employees by functional area



	Dec. 31, 2020	**Dec. 31, 2021**	Δ %
1 Production and logistics	3,305	3,463	5
2 Marketing and sales	1,091	1,112	2
3 Research and development	1,218	1,221	0
4 Administration	915	935	2
Total	**6,529**	**6,731**	**3**

There were also only minor shifts in the regional structure in 2021 compared to the previous year. With 4,338 employees (previous year: 4,203), the European Group companies continued to account for by far the largest share of staff. At the end of the year, 3,505 people (previous year: 3,376) were employed in Germany, the majority at the largest manufacturing and development sites of the ECKART and BYK divisions in Hartenstein and Wesel, respectively. The workforce in the Americas rose by 46 to 1,507 at the end of 2021 (previous year: 1,461). The increase was primarily in North American companies. The number of

Employees by region



	Dec. 31, 2020	**Dec. 31, 2021**	Δ %
1 Europe	4,203	4,338	3
thereof Germany	*3,376*	*3,505*	*4*
2 Americas	1,461	1,507	3
thereof U.S.	*1,193*	*1,227*	*3*
3 Asia	865	886	2
thereof China	*539*	*551*	*2*
Total	**6,529**	**6,731**	**3**

people employed by Asian Group companies grew from 865 in the previous year to 886 in 2021, with the largest increase in China.

At the end of the 2021 fiscal year, 1,757 women and 4,974 men worked for ALTANA. 89 % of all employees had an unlimited and 11 % a limited employment contract on the balance sheet date. This ratio was virtually the same for both genders. 76 % of the female employees worked full-time and 24 % part-time at the end of 2021. Among male employees, 98 % worked full-time. Apart from its own employees,136 people from employment agencies worked for the ALTANA Group on December 31, 2021.

The people at ALTANA are the most important key to our success. ALTANA continues to face international competition for specialists and managers. As a result, the importance of dedicated personnel development and succession planning will increase further in the coming years, also in connection with the demographic development.

In 2021, ALTANA came a great deal closer to achieving the goals set in the "HR Transformation" project. The project is aimed at driving forward the digitization of the HR landscape, promoting employees more comprehensively across divisions and national borders, and creating an international leadership and HR culture.

A very important step toward digitization in human resources was taken in 2021 with the global rollout of the Employee Central module of SAP SuccessFactors, a new, globally available system for the administration of organizational and HR master data in the ALTANA Group. This makes it possible for the first time to offer extended self-service functionalities in the area of human resources. The option now available in most countries enabling employees to enter and maintain their data directly in the system is just one example; in the future, digital learning opportunities, further training measures, annual appraisals, talent conferences, and much more will become even more important. Building on the structural information of Employee Central, further SuccessFactors modules will gradually complete the so-called employee lifecycle toward system-supported interaction between employees, managers, and HR.

All new employees in the ALTANA Group who are registered in SuccessFactors now automatically receive an IT account, which is a prerequisite for access to the ALTANA network. It is therefore possible to provide all employees in the company, for example in production, with digital services.

With this investment, ALTANA's management is underscoring its commitment to driving forward the digitization of ALTANA. Employee Central is a milestone in the global digitization of our HR landscape and the starting point for creating a unified employee experience.

In order to create the best possible conditions for all employees in the future with regard to talent management and personnel development, we introduced the new ALTANA Talent Cycle in 2021. The Talent Cycle combines a revised version of the previous compass dialog (annual employee review) and the new People and Talent Conferences with a completely digital platform – also provided by SAP SuccessFactors. This is a global, digital, and standardized process that enables all employees to receive clear feedback on the competencies that are important to ALTANA and to exchange views with their manager in a structured and continuous manner. Personal strengths and areas for development are identified in a comprehensible way. With the help of this assessment of competencies and potential, personal development can be managed and cooperation between employees and their managers improved. Talent conferences at the local, divisional, and global level serve to calibrate performance and potential assessments by managers and form the basis for future career and succession planning.

In the area of Compensation & Benefits, the attractiveness of the employee participation program ALTANA Profit Participation Rights was once again enhanced in 2021 by raising the employer allowance and the investment opportunities in Germany. ALTANA had issued the profit-sharing rights for the first time in 2010, thus creating an opportunity for employees to participate in the future success of the Group by acquiring an entitlement to an interest payment dependent on ALTANA's success. Due to the attractive conditions, an average of around 40 percent of those entitled have participated in recent years.

Environment and Safety

Occupational safety and environmentally compatible management are key components of ALTANA's corporate strategy and are becoming increasingly important. The ALTANA Group measures progress in the area of environmental protection using specific key figures, such as the consumption of natural gas and electricity as energy sources and the resulting greenhouse gas emissions, and in the area of safety with the help of accident figures.

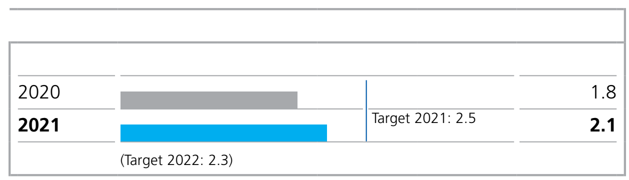
In terms of environmental protection, our goal is to continuously reduce energy consumption at all of our sites and in all areas and to promote the use of energy from renewable sources in order to achieve climate neutrality for the ALTANA Group by 2025. ALTANA plans to compensate for the greenhouse gas emissions that cannot be avoided by 2025 by financing equivalent climate protection projects. In the field of safety, the primary objective is to reduce the number of accidents.

The issue of safety is a top priority at ALTANA. ALTANA ensures continuous improvement in the safety of its employees by means of various technical and organizational measures tailored to the production conditions at the sites and to the laws and regulations that apply there. To achieve a uniform safety culture, ALTANA also relies on targeted employee training programs. All of our worldwide sites have established their own safety organization, which is responsible, among other things, for complying with all local occupational safety regulations, for training and education measures, and for recording and evaluating accidents. Throughout the Group, the Work Accident Indicator (WAI) serves as the central key performance indicator for recording and evaluating the development of occupational safety at all sites on the basis of reported accidents with lost work days. Three key figures are defined for better comparability: WAI 1 refers to the number of reported occupational accidents with lost work time of one day or more per million working hours. WAI 2 comprises the number of reported occupational accidents with lost work time of more than three days per million working hours. And WAI 3 represents the number of lost work days due to reported occupational accidents per million working hours.

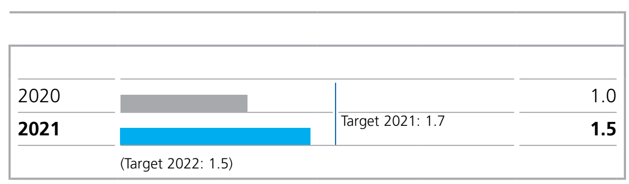
ALTANA determines the working hours on the basis of the actual hours worked. If such recording is not possible, a qualified estimate of the average hours worked is made. Accidents are recorded directly on site and reported to a defined group of persons within 48 hours. On a quarterly basis, the reported accidents with lost work days are evaluated in a global IT system. Subsequently, the evaluations are made available to all responsible persons (such as the Management Board, division presidents, managing directors, and EH&S experts). On the basis of this data, ALTANA's Management Board, together with the EH&S department, sets target values for the three WAIs for each year, which apply equally to all companies of the ALTANA Group.

For 2021, ALTANA again lowered the target values for all three accident indicators (WAI 1: 2.5; WAI 2: 1.7; and WAI 3: 30.0), once again emphasizing how important occupational safety is for the Group. In the year under review, despite the high workload at our companies, we succeeded in achieving these target values. Globally, 24 accidents with lost work days were reported at ALTANA, 5 more than in the previous year. Based on the hours worked, the WAI values are as follows: WAI 1: 2.1 (previous year: 1.8); WAI 2: 1.5 (previous year: 1.0); and WAI 3: 25.2 (previous year: 19.5).

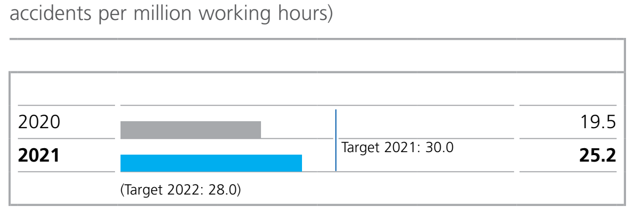
WAI 1 (number of reported occupational accidents with lost work time of one day or more per million working hours)



WAI 2 (number of reported occupational accidents with lost work time of more than three days per million working hours)



WAI 3 (number of lost work days due to reported occupational accidents per million working hours)



ALTANA managed to keep the occupational accidents at a low level by enhancing employees' safety awareness and the Group's safety culture as a whole. The further development and implementation of technical and organizational measures as well as behavior-based safety training are intended to lead to safe action in every situation.

ALTANA has also been addressing the issue of energy efficiency and the associated greenhouse gas emissions for several years. In addition to absolute values, energy consumption is set in relation to the quantity of finished goods that are produced. ALTANA establishes annual reduction targets for energy consumption in relation to the quantity of finished goods produced. The recording and calculation of emissions relates, as Scope 1, to direct greenhouse gas emissions from emission sources owned or controlled by the Group. These include, for example, the combustion of primary energy sources in the course of heat generation and fuel consumption in the company's own vehicle fleet at some sites. Scope 2 includes indirect greenhouse gas emissions from the performance-related purchase of electricity. They are recorded and calculated in accordance with the standard "A Corporate Accounting and Reporting Standard – Revised Edition" of the Greenhouse Gas Protocol initiative. The data are reported in the document "Facts and Figures on Sustainability 2021." The energy consumption of all production sites included in the scope of consolidation is recorded and evaluated in a global reporting system. The CO_2 equivalents for Scope 2 are calculated based on conversion factors (g CO_2/kWh) defined by the International Energy Agency (IEA) in line with the currently published values (2019) for the location-based method and with the aid of emission factors of the electricity supplier or an individual electricity product for the market-based method. For Scope 1, the conversion factors from the Intergovernmental Panel on Climate Change (IPCC) are used.

Consumption is generally verified by the companies by means of bills. If this is not possible for the last two months of the reporting year, the companies first make a qualified estimate of the values. As a result, in the following year – as soon as all bills are available – the prior-year figure may still be adjusted retrospectively. In 2021, ALTANA had a total energy consumption of 743,304 MWh (previous year: 668,493 MWh) due to the sharp increase in the volume of finished goods produced. The main energy sources were natural gas (418,428 MWh) and electricity (276,843 MWh). ALTANA set a target value of 1.24 MWh/t for the specific energy parameter – based on one ton of finished goods – for 2021, and in the reporting period even fell significantly below this value at 1.21 MWh/t – an important step on the way to energy transformation. This resulted in a total of 102,851 tons of CO_2 equivalents. Of this amount, 101,495 tons of CO_2 equivalents belong to Scope 1. ALTANA offsets 33,351 tons of CO_2 equivalents of Scope 1 emissions by investing in certified offset projects. The project in question is the Kinnaur Hydropower Plant project on the Satluj River in the Himachal Pradesh region of India.

For the purchased electricity of 276,843 MWh, the same amount of Guarantees of Origin was acquired in accordance with recognized quality standards (for example, CoO for Europe, GREEN-E for the U.S., and IREC for China) and through a German PPA (Power Purchase Agreement). This is electricity that is generated from renewable energies and whose origin is made transparent by means of a Guarantee of Origin. ALTANA plans to finalize the decommissioning of these Guarantees of Origin for 2021 in April, as in the previous year. This means that ALTANA's electricity purchases cause zero CO_2 emissions according to the market-based method. As a result, 69,500 tons of CO_2 equivalents (68,144 tons for Scope 1 and 1,356 tons for Scope 2 from the purchase of electricity, steam, district heating, and compressed air according to the market-based method) from unavoidable greenhouse gas emissions were caused that were not offset by compensation.

Declaration on Corporate Governance

Corporate Governance

Good corporate governance is an essential basis for the sustainable success of ALTANA. Even as a company not listed on the stock exchange, ALTANA orients itself to the recommendations and suggestions of the German Corporate Governance Code.

At least once a year, the Supervisory and Management Boards deal with the German Corporate Governance Code and examine which recommendations and suggestions ALTANA can follow even as a company not listed on the stock exchange and sensibly apply within the company given its shareholder structure.

In the 2021 fiscal year, ALTANA complied with the vast majority of the applicable recommendations and suggestions of the German Corporate Governance Code in the version of December 16, 2019. This especially applies to the recommendations concerning the composition of the Supervisory Board, the cooperation between the Management Board and the Supervisory Board, the cooperation between the Chairman of the Supervisory Board and the Supervisory Board plenum, dealings with conflicts of interest of the Supervisory Board members, the setting up and composition of the committees, as well as matters relating to the audit.

The Management Board and Supervisory Board intend to again largely follow the recommendations and suggestions of the German Corporate Governance Code in the 2022 fiscal year.

Management and Control

The Management Board of ALTANA AG consists of three members, each of whom are appointed by the Supervisory Board for a period of five years. The selection criteria include experience, business and professional expertise, as well as competence in ecology and social responsibility. Considerations regarding diversity also play a role in the selection process. The Supervisory Board, together with the Management Board, addresses long-term planning for the succession of Management Board members and the structure of the Management Board in regular discussions between the Chairman of the Supervisory Board and the Chairman of the Management Board. An age limit of 65 years has been set for members of the Management Board. The Management Board manages the Group independently and is solely committed to the interests of the company. Together with the presidents of the divisions and selected heads of central functional areas, the Management Board forms the Executive Management Team. In regular meetings, this team discusses and analyzes the development of business and important business incidents, as well as plans for the Group's future development and sustainability issues.

The company's Supervisory Board has twelve members. Half of them are employee representatives elected in accordance with the German Codetermination Act, while the remaining six are shareholder representatives. Here, too, experience and expertise play an important role, as does independence. All six shareholder representatives – Dr. Engel-Bader, Ms. Klatten, Professor Dr. Richter, Dr. Schulte, Dr. Trius, and Dr. Wolfgruber – are independent of the company and the Management Board. Despite having been a member of the Supervisory Board for more than twelve years, Ms. Klatten is considered independent of the company and the Management Board because she is indirectly the company's sole shareholder. Four of the six shareholder representatives – Dr. Engel-Bader, Dr. Schulte, Dr. Trius, and Dr. Wolfgruber – are independent of the company's controlling shareholder. They are normally elected for a period of five years. An age limit of 70 years has been set for members of the Supervisory Board. The Management Board reports to the Supervisory Board regularly, without delay, and comprehensively on all issues relevant for the company regarding business development, risks, and planning, and discusses ALTANA's strategy with the Supervisory Board. Sustainability issues are also discussed regularly at the Supervisory Board meetings. The Supervisory Board monitors and advises the Management Board in its management activities. The Supervisory Board's tasks also include approving the Annual Financial Statements and the Consolidated Financial Statements. Specially defined business decisions of the company, such as major acquisitions and divestments, require the approval of the Supervisory Board, in accordance with a list of transactions that are subject to authorization.

The Supervisory Board formed an Audit Committee, a Human Resources Committee, and a Mediation Committee, legally required in accordance with section 27 (3) of the German Codetermination Act. Each committee consists of two shareholder representatives and two employee representatives. The Chairman of the Human Resources Committee and the Mediation Committee is the Chairman of the Supervisory Board, Dr. Matthias L. Wolfgruber. The Human Resources Committee also includes Mr. Jürgen Bembenek, Mr. Ulrich Gajewiak, and Ms. Susanne Klatten. In addition to the Chairman, the members of the Mediation Committee are Mr. Gajewiak, Ms. Klatten, and Mr. Klaus Koch. Dr. Jens Schulte is the Chairman of the Audit Committee. He has the necessary knowledge and expertise in the fields of accounting and auditing in accordance with the German Stock Corporation Act. The other members of the Audit Committee are Mr. Armin Glashauser, Mr. Stefan Soltmann, and Dr. Antonio Trius.

There is a D&O liability insurance scheme for members of the Management and Supervisory Boards. The insurance covers personal liability risks in the event that a claim is made against members of the Management and Supervisory Boards while they are performing their activities. For Management Board members, the insurance contract stipulates a deductible of ten percent of the damages, but a maximum of one-and-a-half times the amount of the fixed annual compensation of the respective member of the Management or Supervisory Board per insurance year. Further information on the compensation of the Management and Supervisory Boards can be found in the complete Consolidated Financial Statements on pages 75 f.

Compliance

Compliance with laws is the basis for all of ALTANA's actions. In addition, we set ourselves certain rules as part of our corporate social responsibility, which we adhere to like laws.

At ALTANA, compliance is an integral part of our corporate social responsibility. The trust of our customers, business partners, employees, and the public is the basis and condition for our business success.

For this purpose, ALTANA established a Compliance Management System in 2008. Its goal is to ensure that laws and the rules we have set ourselves are observed throughout the Group. To this end, the Compliance Management System identifies significant risks that can arise from violations of laws or regulations by ALTANA employees. The Compliance Management System also ensures that employees are aware of the content and significance of the laws and regulations relevant to them and know how to behave best in light of them. Furthermore, the Compliance Management System is intended to ensure that the necessary control mechanisms are implemented so that violations of laws and regulations can be detected and remedied. The Compliance Management System encompasses eight compliance areas: corruption, antitrust law, environmental protection and safety, human resources, customs and foreign trade, data protection, financial reporting, and taxes.

The ALTANA Compliance Management System follows the ALTANA structure and is therefore decentralized. The local management is primarily responsible for making sure that the individual subsidiaries and their employees behave in accordance with the rules. ALTANA AG lives up to its compliance responsibility by providing a framework, making competencies and instruments available, creating platforms and forums for local authorities, and by taking concrete measures to ensure compliance on the part of the management of subsidiaries or to impose minimum requirements, especially through guidelines that are binding Group-wide.

ALTANA's Code of Conduct, which holds for the entire company, contains binding rules regarding responsible, ethical, and lawful behavior for all staff members. This applies in particular to issues such as corruption, conflicts of interest, antitrust law, environmental protection, and discrimination. Together with the company's Guiding Principles, the Code of Conduct provides orientation for responsible corporate action. The Code of Conduct and the Guiding Principles are published on our website (www.altana.com). Since 2010, ALTANA's employees have been trained with the help of an e-learning program regarding the content of the Code of Conduct and further issues relevant to compliance such as corruption and antitrust law.

Moreover, for each compliance area further specific measures have been developed and implemented to ensure that laws and internal regulations are adhered to. This includes, for example, a system through which business partners who support ALTANA's holding company and its subsidiaries in terms of sales or in their cooperation with authorities are investigated for certain compliance risks with IT support.

Another important element to guarantee the effectiveness of the Compliance Management System is the work of Internal Audit. For a few years now, compliance programs have been carried out regularly at ALTANA and its subsidiaries.

With the ALTANA Whistleblowing System, ALTANA provides another central means of ensuring compliance. It gives employees as well as external third parties the possibility of anonymously reporting compliance violations. The ALTANA Compliance Hotline, which was made available for this purpose in previous years, was replaced by the more comprehensive ALTANA Whistleblowing System in 2021 against the backdrop of the EU Whistleblower Directive, which provides better protection in particular for those who give the tip. This simultaneously increases the benefit of such tips for the company.

Once a year, the Audit Committee of the Supervisory Board receives a written report on compliance that is presented and discussed in a meeting of the committee in addition to the other proceedings. The report gives an overview of the risks identified for each compliance area, as well as already implemented or planned measures to advance the system. The Audit Committee is also informed about compliance violations in this context.

ALTANA joined the UN Global Compact initiative, whose members are voluntarily committed to adhering to social and environmental standards as well as the protection of human rights. By joining Global Compact in 2010, ALTANA has not only acknowledged its principles but also shown a general commitment to support and promote overall UN aims.

Targets for the Proportion of Women (Section 289 f (4), Sentence 1, Subsection 2, No. 4 of the German Commercial Code)

Pursuant to sections 76 (4) and 111 (5) of the German Stock Corporation Act, the Management Board and Supervisory Board of ALTANA AG set targets for the proportion of women in the two management levels below the Management Board, and on the Supervisory Board and Management Board. Most recently, the Supervisory Board and the Management Board resolved the following targets for the proportion of women by the end of June 30, 2023: 33 % of Supervisory Board members, 0 % of Management Board members, 30 % of the first and 30 % of the second management level below the Management Board.

Subsequent Events

No events subject to reporting requirements occurred after the balance sheet date.

Overall Assessment of Our Business Performance and Business Situation

After the pandemic-related declines in business performance in 2020, 2021 was characterized by an extraordinarily strong demand-driven business development. At ALTANA, this was reflected in double-digit sales growth and high capacity utilization, which continued throughout the year. However, bottlenecks in raw material availability and logistics services, which came to a head from the second quarter of 2021 onward, and the resulting price increases, some of which jumped sharply, put considerable pressure on margins, which could be partially offset by sales price adjustments. Overall, ALTANA achieved its highest earnings before interest, taxes, depreciation and amortization (EBITDA) to date. The earnings margin was within our strategic target range. We also achieved our goals in the area of occupational safety and climate protection in 2021. At the same time, we continued to press ahead with our strategic activities to develop medium- to long-term growth areas and with the digital transformation.

Our balance sheet continues to show a very solid structure at the end of 2021 and offers sufficient financial headroom for investments in sustainable profitable growth.

Expected Developments

Future Orientation of the Group

We do not plan on making any fundamental changes to the Group's strategy or organizational structure in the next two years. The focus on specialty markets and the offer of innovative chemical solutions based on our customers' requirements will continue to drive our business development.

We do not expect our entry into new market segments or application areas to lead to any significant changes in our sales structure in the medium term. We also expect the balanced regional sales distribution to basically remain stable.

Acquisitions, however, could lead to changes in our sales and market structures. Bolt-on acquisitions and particularly the integration of a new business division could result in a shift.

In the future, the area of occupational safety and the focus on environmentally compatible management will continue to result in ambitious targets that will impact the ALTANA Group's strategic orientation.

Economic and Industry Outlook

For 2022, ALTANA expects global economic growth to continue, albeit at a slower pace than in the previous year. The global recovery of the national economies since the end of 2020 and the related strong increase in demand were followed by a significant rise in raw material and energy costs, bottlenecks in the provision of logistics services, and, as a result, disruptions in global supply chains. Based on these influencing factors, the International Monetary Fund (IMF) forecasts a 4.4 % increase in global economic output, following a 5.9 % rise in 2021. Expectations for overall economic development are fundamentally dampened by the risk of further coronavirus variants, which could lead to renewed pandemic-related restrictions on public life.

Economic growth will be somewhat weaker in the industrialized countries than in the emerging and developing ones. The IMF expects the industrialized nations as a whole to grow by 3.9 % in 2022 (previous year: 5.0 %), with different economies benefiting to varying degrees. In the U.S., growth of 4.0 % is forecast for 2022. Here, the expansion of 5.6 % in 2021 already more than offset the percentage decline in 2020. In the Eurozone, the IMF expects a growth rate of 3.9 %, after the sharp pandemic-related decline was not fully compensated for in 2021 despite 5.2 % growth. For Germany, however, the IMF assumes that the GDP slump in 2020 can be fully offset by growth of 2.7 % in 2021 and forecast growth of 3.8 % in 2022. In all countries, the anticipated economic recovery depends on whether the pandemic will become increasingly manageable and on there being no further disruptions to supply chains and subsequent price increases and production bottlenecks.

According to the IMF forecast, growth in the emerging markets will total 4.8 % in 2022 (previous year: 6.5 %) and thus exceed the global average. The picture continues to vary in relation to individual economies. Based on this forecast, China will no longer have the highest growth rate. After stellar growth of 8.1 % in 2021, the growth rate is expected to fall to 4.8 %, slightly above the global level. According to the IMF, this is mainly due to disruptions in residential construction. In view of the strict zero-covid strategy in China, which is giving rise to recurring restrictions on public life and poorer employment prospects in the construction sector, private consumption is likely to be lower. India, on the other hand, is expected to continue to grow at an above-average rate. The forecast growth rate of 9.0 % for 2022 is on a par with growth in 2021, meaning that India has far more than compensated for the pandemic-induced decline. Overall, the Latin American economies are expected to show below-average growth of 2.4 %. Brazil, which was able to compensate for the pandemic-related losses with 4.7 % growth in the previous year, is forecast to post lower growth than other countries in this region at just 0.3 %. It is assumed that measures to combat inflation will have a strong influence on demand in Brazil.

In addition to the pandemic and the risks that have arisen in its wake, the IMF sees numerous other macroeconomic risks for 2022 that could lead to a slowdown in global growth. These are basically rising uncertainty regarding geopolitical risks, which could lead to a curtailment of international trade relations, and an increase in risks as a result of climate change. Major natural disasters are becoming more likely and – as the range of extreme weather events on all continents in 2021 showed – could threaten all economies.

Against the background of the global economic outlook, further, albeit weaker, growth is expected in all regions for the general chemical industry in 2022. The American Chemistry Council (ACC) forecasts a 3.8 % increase in global chemical production in 2022, following growth of 5.8 % in the previous fiscal year. A further increase in the growth rate vis-à-vis the prior year is only expected for North America, at 4.5 %. Here, growth in 2021 was below average at 1.8 % due to weather-related production losses. For all other regions, the curve is expected to flatten to moderate low to mid single-digit growth rates. The forecast growth rates are based on the assumption that the bottlenecks in procurement and transportation that occurred in 2021 owing to the pandemic will ease again or not worsen further, leading to a stabilization of price levels.

On the basis of the economic and industry-specific framework conditions, we assume that general demand in the markets relevant for ALTANA will basically be positive, although there will be regional and market-specific differences. The extent to which changes in storage levels along the value chain will influence the demand for our divisions' products largely depends on the expected short- to medium-term development. Stock-level changes can lead to significant effects.

The development of crude-oil prices cannot be predicted reliably. Following the enormous demand-driven price increase in 2021, we expect the price to stabilize at a high level in 2022 and thus not to see any significant price reductions. The availability, pricing, and consumption volume of chemical products are subject to the influence of the crude-oil market, albeit to different extents. In addition, the expectations of market participants with regard to the future development of oil prices can give rise to significant changes in inventory levels along the chemical industry's entire value chain.

As in the previous years, the exchange-rate relations important for ALTANA may continue to show pronounced volatilities in 2022. The development of regional interest rates and economic output, as well as political influences, can be of decisive importance for exchange-rate fluctuations. Since the intensity and direction of the exchange rates cannot be predicted, it is not possible to make concrete statements about the influence. Concrete risks, as well as opportunities, can result from a deviation of the actual exchange-rate development from our planning assumptions.

Expected Earnings, Asset, and Financial Situation

Expected Sales and Earnings Performance

On the basis of the expected growth of the global economy, we anticipate a further positive development in demand for our products and services in the 2022 fiscal year. Operating sales growth, i. e. sales growth adjusted for exchange-rate and acquisition effects, is expected to be in the mid-single-digit percentage range. Growth should be driven by a further increase in volumes and positive price/mix effects to safeguard margins.

As we do not expect any significant year-on-year exchange-rate effects in 2022, the nominal increase in sales is expected to be at the level of the operating increase. The acquisitions already made in 2021 and potential further acquisitions may also have a significant influence on the growth rate. In February 2021, the activities of TLS Technik GmbH & Co. Spezialpulver KG were integrated into the Group within the ECKART division. In addition, the ACTEGA division has included the closure materials business acquired from Henkel since May 2021. In operational terms, the divisions' sales should develop within the same growth range as Group sales.

We assume that there will be no significant shifts in cost ratios in relation to sales for the main functional cost variables. We forecast only a slight decrease in the cost of materials ratio compared to the past fiscal year, which will remain at a high level.

In the case of human resources costs and certain other cost items, we are planning a relative increase for 2022 that will be higher overall than the level of sales growth. The main reasons for this are the planned increase in personnel and the expectation that trade show and travel activities will pick up again in 2022.

The EBITDA margin in 2022 is expected to be roughly at the level of the previous year. It should be at the lower end of our strategic target range of 18 % to 20 %. A slight increase is anticipated for absolute EBITDA.

After 2022, we expect continued high growth momentum with fundamentally increasing profitability.

Expected Asset and Financial Situation

Overall, there should be no significant shifts in the balance sheet structure in 2022. The level of our investments in property, plant and equipment and intangible assets should remain within our long-term target range of 5 % to 6 % of sales over the next two years. The absolute values of net working capital are expected to develop in line with the general business performance, with the relative level lower compared to the end of 2021.

Based on the expected business development, we will continue to generate a clearly positive cash flow from operating activities in the coming years, which should be higher than in the previous year. We will use the cash inflow primarily to finance investments and further acquisitions beneficial to the development of the ALTANA Group.

For the key figures of value management, we expect only a slight decline compared to the past business year. This will mainly result from an increase in operating capital due to the expected investments and the acquisitions already completed in 2021. For the relative and absolute ALTANA value added, we expect an amount significantly above the threshold for value creation, as the return on capital employed for 2022 should exceed the cost of capital at 7.5 %.

Expected Development in the Area of Occupational Safety and the Environment

Based on the long-term positive development of the past fiscal years in the area of occupational safety, we set ourselves the following targets for 2022 for the three accident indicators: WAI 1: 2.3; WAI 2: 1.5; and WAI 3: 28.0.

The target for the specific energy parameter in 2022 is 1.21 MWh/t, following an actual value at the same level in the previous fiscal year. In subsequent years, further reductions in specific energy consumption in the order of 2 % per year are sought.

Risks

Management and control of the ALTANA Group are geared to the strategy that has been defined and the target levels derived from it. Due to changes in the economic environment or internal and external factors of influence, it might not be possible to implement the strategy successfully or to achieve targets in the planned time frame or to the planned extent. To be optimally prepared for such situations, ALTANA systematically identifies, evaluates, and considers risks within the framework of decision-making processes.

To anchor our risk policy at all decision-making levels, we established a Group-wide risk management system that brings together various information, communications, and monitoring systems. Core elements of our risk management include strategic corporate planning, internal reporting, our internal control system, compliance organization, and risk management in the strict sense.

Our strategic corporate planning is closely tied to our medium- to long-term financial planning. The extent of the fulfillment of our targets is examined in monthly reports on the company's business performance and in our short-term financial planning. Apart from an analysis of the current business situation, in these reports and our planning our expectations for the current fiscal year are discussed extensively at the divisional level on a regular basis. As a result, deviations from planned developments can be recognized and countermeasures introduced if necessary.

Our internal control system defines organizational and procedural requirements that serve to prevent damage to the company. In connection with our established compliance organization, it aims to prevent possible violations of guidelines and laws on the part of employees.

At ALTANA, risk management in the strict sense is viewed as the systematic compilation, evaluation, documentation, communication, and, if not already in place, derivation of measures regarding the relevant risks as well as the determination and assessment of risk-bearing capacity. Thus it is an essential component of the company's system for early risk recognition in accordance with section 91 (2) of the German Stock Corporation Act. This system was voluntarily examined by the auditor. The audit deemed the system capable of recognizing risks that can endanger the existence of the company at an early stage.

Risks that are identified are evaluated in a uniform way. So-called evaluated risks are assessed based on the probability of their occurring and the potential damages. Individual risks are assigned to certain risk groups. Risks or risk groups rated as very high are risks which could cost the company more than € 25 million in the next twelve months. Individual risks that could cost the company between € 12 million and € 25 million are rated as high risks; risks that would cost between € 5 million and € 12 million are categorized as medium risks, and risks that would cost less than € 5 million are deemed low risks. The prioritization resulting from the assessment determines focal points for the development and initiation of countermeasures to prevent or reduce the potential effects of risks.

The individual risks and risk fields described below could have a material adverse effect on the Group's earnings, financial, and asset situation in the years to come and thus give rise to a negative deviation from the forecast development. For risks categorized as "medium," "high," and "very high" we address changes in our appraisal compared to the previous year.

Economic and Industry Risks

The development of the general economic conditions worldwide has a decisive impact on our business performance. The performances of the economies of China, the U.S., and Germany – industrial nations important for ALTANA – have a particularly strong influence on the direction and intensity of demand for our products.

A global economic crisis leading to an economic collapse would bring about significant sales decreases with corresponding influences on our earnings. Recessions limited to certain regions in sales markets important for us could also significantly impair our business performance. With the global orientation of our sales activities, we try to shape our dependence on regional or national markets in such a way that the effects of geographically confined economic crises on the Group are limited.

Thus, China and the U.S., the most important countries for us, each currently accounts for less than 20 % of total Group sales. The distribution of our business activities in the core regions of Europe, Asia, and the Americas also has a balanced structure.

Furthermore, we continually update our appraisal of the regional economic development in our internal reporting system to be able to react to foreseeable effects by controlling our procurement, production, and sales activities. We react to long-term shifts in the regional significance of sales markets by adjusting our sales, production, and organizational structures.

In addition to general economic risks, there are market-related sales risks concerning individual product groups or application areas. Particularly medium- to long-term trends that structurally lead to a decrease in demand in our target markets can mean that we will not achieve our growth and profitability targets. We try to counteract industry-related sales risks by broadly diversifying our offer. We supply many different industries, which in turn sell their end products in various markets. Therefore, our dependence on the underlying markets is limited. We estimate that no more than 20 % of our sales is attributable to a single consumer segment, such as the automotive sales market, the graphic arts industry, or the construction sector.

The analysis of our industry-specific and application-related sales is a component of our annual strategy process. In addition, we examine changes in future growth potential arising from demand trends and technological developments, and adjust our strategic orientation in the divisions if necessary.

The occurrence of a global economic crisis and the emergence of regional economic crises continue to pose significant risks. The probability of a global economic crisis occurring is estimated to be lower than in the previous year, which is attributable to the trend toward regionalization. This is offset by an increase in forecast loss values, resulting in a slight reduction in the assessed risk. The risk is classified as high. The probability of regional economic crises occurring is assessed as unchanged from the previous year. However, taking into account positive market dynamics in medium-term planning, an increasing damage amount was assumed. The assessed risk of regional economic crises is increasing compared with the previous year and is still classified as a medium risk.

Sales Risks

Sales risks result primarily from changes in the market and customer structure and an associated increase in the intensity of competition, as well as from marketing risks for products or product groups due to specific demand trends or technological changes.

This can lead to decreasing sales revenues, which can be caused by declining sales volumes or falling prices. Since in many cases we cannot adjust the cost structure in the short term, this can lead to a drop in profitability.

We counter sales risks by continually optimizing our product and service portfolio, above all on the basis of our innovative ability. In the process, it is decisive that we cooperate closely with our customers at an early stage of development work to adapt to market needs. With our innovation strategy, we can counter increased competition in our markets.

A loss of, mergers of, or backward integration of customers can lead to major changes in the customer structure. Due to our very diversified customer structure, however, these risks are limited. In addition, we cooperate closely with our core customers within the framework of our key account management.

In the group of sales risks in the market and technology area, the assessment of the level of losses – primarily as a base effect due to the increase in sales – increased slightly compared to the previous year, but the assessment of the probability of occurrence decreased in comparison. Overall, the magnitude of the risk assessed continues to be classified as high.

Risks from Business Combinations, Participations, and Other Investments

Apart from operating growth, acquisitions of companies, business activities, and individual technologies play a key role in the implementation of the strategy for sustainable profitable growth at ALTANA. Depending on the size of the activities acquired, inadequate integration can place a burden on the Group's earnings situation and limit its financial headroom. In addition, a business performance that is worse than what was expected when the acquisition was made can lead to impairments of assets with a negative impact on earnings.

To minimize the effects of the risks from business combinations, we examine our acquisition targets systematically and comprehensively and analyze them in detail in a multistage approval process.

Impairment losses recognized in the past fiscal year further reduced the impairment risk reported as an individual risk, both in terms of amount and probability of occurrence. Therefore, compared to the previous year, the assessed risk for impairment of assets from acquisitions is now only classified as a low risk (previous year: medium).

To implement its strategic goals, ALTANA is constantly expanding and renewing its development, production, and other facilities. The projects, some of which are very complex, are always subject to certain risks regarding adherence to the budgeted schedules, costs, and the realization of the expected goals. The projects regularly undergo extensive approval and monitoring routines. Due to the high volume of these projects, the potential losses have also increased compared with the previous year, although the probability of occurrence has decreased slightly, so we now classify risks from capital expenditures as medium risks.

Procurement Risks

Among the main procurement risks are a restriction in the availability of individual raw materials and transport services as well as significant price increases for raw materials and logistics, which we cannot or can only partially pass on to the markets in the short term and which may thus have a negative influence on the Group's earnings situation.

We continually analyze the situation on the raw-materials markets that are relevant for ALTANA. By doing so, we can identify price trends and structural shifts on the part of suppliers at an early stage and devise suitable measures. We take this knowledge into account when we arrange supply contracts. In addition, we bear in mind the volatility of raw-materials prices in our customer relations. To be able to pass on price increases to the markets in the short term, we use the flexibility of price mechanisms and price lockup periods.

An increased probability of occurrence of procurement risks and a further rise in the level of losses in the area of raw material procurement due to pandemic-related disruptions to supply chains led to an increase in the risk rating in this risk group from medium to high.

Financial Market Risks

Financial market risks primarily concern short-term and significant changes in exchange-rate relations and interest rates, as well as default risks and the covering of financial resource needs.

Due to exchange-rate fluctuations, the translation of foreign currency positions into the Group currency, the euro, can have a negative effect on the Group's sales and earnings performance (translation risks). Such negative effects can also result from business conducted in a foreign currency (transaction risks). Interest-rate changes influence financing costs. Defaults on trade accounts receivable or financial receivables can also have a negative effect on the Group's earnings situation and its financial resources. If there is a lack of availability of financial resources for the implementation of acquisitions or major investment projects, we might not reach our strategic targets.

We safeguard against material transaction risks by concluding forward foreign-exchange contracts in cases where we assume that the underlying business can be realized with a sufficient degree of certainty. In the case of risks from operating activities, the total amount expected is safeguarded in different tranches to offset short-term exchange-rate fluctuations. More information on our evaluation and accounting procedures for hedges can be found in the complete Consolidated Financial Statements on page 58 ff. (point 27).

To minimize credit default risks, we systematically examine the credit rating and payment behavior of our counterparties. The latter include customers, the banks we do business with, and other business partners where payment default can have an influence on our financial situation.

We safeguard availability of financial resources through central control and monitoring of our Group-wide financial resources. In addition, by utilizing various financing instruments, we centrally provide a financial resources framework. It can be used to cover unplanned financial requirements in the short to medium term arising, for example, from acquisitions or a crisis-related decline in operating activities.

As in the previous year, the group of financial market risks is assessed as a medium risk. We evaluate the main individual risk in this risk group – negative earnings effects from exchange-rate changes – as having a slightly lower probability of occurrence as in the previous year and a slightly higher potential to lead to damages. Continued high cash inflows from operating business activity and the existing general financial resources framework continue to suffice to cover the expected cash outflows for investments, repayments, and dividends.

Innovation Risks

ALTANA's position as an innovation and technology leader is a major success factor for the company. It is important for a supplier of highly specialized chemical products to continually introduce new products on the market and to be perceived by our customers as a competent and innovative partner. If this was no longer the case in the future, risks could result for our sustainable growth, the attainment of our profitability targets, and ALTANA's positioning in the relevant markets.

With our innovation culture, which is put into practice at all levels of our organization, we highlight the importance of innovation and safeguard its status. Both at a decentralized and at Group level, we can continually evaluate and control our research and development activities based on financial and non-financial criteria. By investing above-average amounts in research and development, we can continually introduce products on the market that are tailored to customers' individual and current needs and thus positively influence our competitive position.

It is important to protect knowhow we develop with patents to convert our knowledge edge into economic success. This includes safeguarding technologies as well as methods and product properties we currently use so that other companies cannot patent them.

Both the potential losses and the probability of occurrence of this risk group are slightly below the previous year's level. Overall, we classify the group of innovation risks as belonging to the medium risk group.

Other Risks

Production risks concern technical disruptions or human failure in production that can be harmful to people or the environment. Our goal is to minimize the effects of machine failure on the value chain by operating production lines independently from one another. It is compulsory for our staff to receive training in the clearly defined process and quality standards in the areas in question. In addition, we conclude property damage as well as plant and equipment breakdown insurances. Due to capacity utilization stretched to the limits, both the probability of occurrence and the amount of loss in the production risk group have increased compared to the previous year, resulting in an upgrade from low to medium in this risk class as well.

Information technologies form the basis of nearly all of ALTANA's business and communications processes. Breakdowns or other disruptions of IT systems can lead to far-reaching impairments in all of the Group's value-added stages, which can have significant effects on business performance (IT risks). In addition, potential risks arise from data loss or theft of business secrets. ALTANA attaches great importance to smooth availability of IT applications and services. To guarantee this, corresponding processes and organizational structures have been established. Emergency plans are in place in case of significant disruptions or losses of data. Due to the increased risk of cyberattacks and the resulting potential damage to internal processes and delivery capability, the group of IT risks has been rated higher in terms of both probability of occurrence and amount of damage, so that these are now reported as a medium risk. In the past fiscal year, in view of the increased risk profile, we significantly increased spending to expand security and protective measures against cyberattacks. We will continue this level of security and these protective measures in the coming years and regularly adjust them to the threat profile.

Delivery of faulty products can cause damage to people, property, or the environment and thus cause liability risks. This can have significant effects on the Group's asset situation. We minimize this risk by standardizing production processes to a large extent and by taking comprehensive quality-control measures. In addition, we continually conduct analyses to assess the hazardous potential of our input materials and products, and we conclude insurances.

Changes in political and regulatory framework conditions can lead to restrictions on trade or foreign-exchange transactions. Due to political unrest, it can be more difficult or even impossible to access the Group's assets in the country or countries in question. On account of regulatory adjustments, it might no longer be possible to process or sell certain products or ingredients, or only with strong restrictions. We continually examine the political environment in the countries important for us and take current tendencies into account when evaluating business relationships. We only make direct investments in countries in which we assume the political environment is highly stable. We actively take part in legislative procedures and discussions important for us that focus on changes in the regulatory environment. As a result, we can anticipate possible new requirements early on.

In the past fiscal year, both the probability of occurrence and the damage values in the group of political and regulatory risks decreased slightly, so this group was reclassified from medium to low.

Although the intensity of the pandemic varies from region to region and at different times, it is still ongoing. As a result, supply chains and logistics processes may be adversely affected, making it more difficult to sell products and having a negative influence on manufacturing costs. Thus, there is still the risk of economic damage resulting from the coronavirus pandemic. The further course of the pandemic may have an impact on the economic development of all of ALTANA's sales markets. The possible financial effects have been taken into account in the planning figures and scenario analyses based on them for the year 2022.

The United Kingdom left the European Union on January 31, 2020, with an exit agreement. The necessary regulations were agreed between the negotiating parties in the course of 2021. An increased risk of a significant impact on earnings is no longer expected.

Legal violations (compliance risks) can give rise to liability risks or tarnish our reputation, which can have a significant effect on the Group's earnings and asset situation. We counter these risks within the framework of our compliance management system, inter alia by regularly informing and training our employees about relevant legal requirements. The amount of loss within the compliance risk group was reduced slightly, and the risk group is still classified as medium risk.

An important basis for long-term success are competent and committed employees. Should we no longer be able to recruit or retain suitable specialists or managers in the future, risks could arise for the successful implementation of our strategy (personnel risks). To counter these risks, ALTANA offers a sophisticated work environment and an attractive compensation system, which is supplemented by various pension plans and wealth creation schemes. Moreover, we regularly offer further education and training programs to budding junior staff members, as well as to specialized and managerial staff.

Compliant Group Accounting

Essential accounting-related risks arise particularly when extraordinary or non-routine issues are handled. These include the first-time consolidation of acquired businesses or parts of companies as well as the recording of the sale of Group assets. Accounting of financial instruments is also subject to risks due to the complex evaluation structure. Risks also arise from fraudulent acts.

At ALTANA, a separate department of the Group's holding company coordinates and monitors Group accounting. A core component of the control system are the guidelines, process descriptions, and deadlines that this department defines centrally for all companies, guaranteeing a standardized procedure for preparing the financial statements. For complex issues, the instruments needed for uniform accounting are retained centrally for all Group companies. For recording extraordinary processes and complex special issues, we regularly obtain external reports, advice, and statements.

The financial statements of the individual Group companies are prepared decentrally by the local accounting departments. Hence the individual companies are responsible for preparing the financial statements, in keeping with Group guidelines and country-specific statutory accounting requirements.

The work steps needed to prepare the financial statements are defined such that important process controls are integrated. These include guidelines pertaining to the separation of functions and allocation of responsibilities, to control mechanisms, and to IT system access regulations. The respective management explicitly confirms to the Group's management that the annual financial statements are correct and complete. In addition, important financial statements are audited by the company or Group auditors in charge.

The local financial statements are recorded and consolidated via standardized formats and processes in a central IT system. At the divisional and holding company levels numerous manual and IT-assisted control mechanisms are applied. They encompass an analysis and a plausibility examination of the registered data and the consolidated results by Group accounting as well as by the controlling department and other departments with expertise in this area. Required corrections of the information in the financial statements are generally made at the level of the individual company to ensure the data are uniform and are transferred.

The company auditor and the Group auditor examine issues, processes, and control systems relevant for the generation of financial statements. The Group auditor reports on the audit directly to the Supervisory Board and the Audit Committee. In certain cases, audits are carried out by the central Internal Audit department.

After each process related to the preparation of the financial statements, optimization potential identified at the different levels is analyzed and adjustments of the processes are made.

Opportunities

The identification and evaluation of opportunities for our future business development is integrated into the different planning, analysis, and control processes.

Within the framework of strategic planning, we analyze demand trends as well as market and technology developments with regard to options for action that could enable ALTANA to create value. In addition, the divisions continually examine possibilities of developing new sales markets. During the financial-planning process, the effects of action options are evaluated and discussed so that we can optimally exploit future opportunities. Finally, possible opportunities for short-term business development, along with the attendant risks, are dealt with in detail at all levels of management.

Below, major opportunities are described that could lead to ALTANA's surpassing its short-, medium-, or long-term goals. The order corresponds to our assessment of the effects on our business performance.

Economic and Industry Development

Should the economic environment in the established industrial regions important for ALTANA, particularly in Asia, the Americas, and Europe, develop better than we anticipated, unexpected growth impetus could arise. As a result, demand for our products and services could develop more positively and exceed our forecast. The same applies to growth in the important emerging countries in Asia and South America. If the growth rates in these nations were higher than expected, we might be able to benefit from this to a disproportionately high extent due to our market positions.

In addition to regional factors, growth impetus can also result from individual branches of industry. Further potential could be opened up, in particular, if the automotive sector and the construction industry showed a positive development, or if there was an increase in the use of silver and gray colors in the consumer sector.

Innovation

We have to continually streamline our product and service portfolio to be able to continue to pursue our strategy for profitable and sustainable growth in the long term. Should ALTANA manage to enhance its innovativeness more quickly than expected or to increase its share of new products for which there is a high demand beyond the target level, there would be even better prospects for growth. Furthermore, customers could demand innovative products manufactured and sold by us more quickly and to a greater extent than we had expected. The same applies if we entered new markets or opened up new application fields for our products.

Business Combinations and Portfolio Measures

Acquisitions play a key role in ALTANA's long-term value creation. In recent years, we have continually advanced the Group strategically due to acquisitions. At the same time, we cleansed our portfolio of those activities that did not develop in line with our strategic objectives and did not promise to create value for the Group in the long term.

In the future, we intend to continue to boost our growth by acquiring businesses and activities. This is an essential prerequisite for us to achieve our strategic growth targets. Should opportunities arise in the future that exceed our expectations, this can help us strengthen our market positions and open up new market segments. This can also have a positive impact on the achievement of our strategic goals.

Synergies

The ALTANA Group is decentralized to a large extent. Still, in some areas of the value-creation chain and in certain management functions, central units support the divisions and play a coordinating role or provide shared platforms. To the extent that we manage to push forward the networks within the Group more strongly than expected, this may spawn further potential to improve efficiency.

The Management Board's Overall Statement on the Anticipated Development of the Group Including Its Overall View of the Risk and Opportunity Situation

For 2022, ALTANA expects further global economic growth, albeit at a slower pace than in the previous year. In this environment, we forecast operating sales growth for ALTANA in the mid-single-digit percentage range. With a continuing strained price situation in the area of material, logistics, and energy costs and otherwise stable cost structures, we expect earnings profitability in 2022 to be at the previous year's level. The absolute corporate value-related key performance indicators are expected to be well above the value creation threshold again.

We believe that the risk of burdens due to geopolitical tensions and negative impacts from a deterioration or even recession in the global economy or important core regions, in contrast with our expectations, exists. In addition, considerable risks to our short-term sales and earnings performance are posed by the higher price volatility on the raw-material and energy markets, by short-term exchange-rate fluctuations, and by impairments for intangible assets acquired within the framework of acquisitions.

Overall, we have not found any risks that could endanger the continued existence of the Group. The risks we face are set against opportunities that could enable us to achieve sales and earnings performance surpassing our forecasts.

Products

Our innovative products contribute to conserving resources and protecting the environment. At the same time, we help our clients manufacture with low emissions and energy-efficiently, and assist them in enhancing the safety of their products.

Sustainable Product Strategy

ALTANA offers companies around the world specialty chemical solutions that make products used in daily life better and more sustainable. We convince our customers with added value and give them a competitive edge through our work. Some solutions improve the functions of end products and increase their shelf life. Others optimize our customers' value chains in terms of energy and resource consumption. And still others enable our customers to reduce the amount of critical substances in their end products or to replace them with less critical ones. Innovative, environmentally friendly, safely processable products play a key role. They help ALTANA's customers implement their own sustainability concepts. Based on this understanding of sustainability, the Group continuously leverages new fields of business and paves the way for further profitable growth.

Due to their strong customer orientation, many ALTANA companies gear their innovation strategies systematically to a catalog of sustainability criteria at a very early stage of product development. This includes responsible handling of resources (water, energy, and raw materials) as well as the goal of developing products whose effects on the environment are as low as possible without detracting from the product's function. This is reflected, for example, by the increasing number of coatings, additives, and pigment formulations that are conceived for water-based applications and do not need organic solvents.

Another aim of ALTANA's product strategy is to replace critical components with less critical ones whenever possible. For products that need classifications due to national or international hazardous substance regulations, ALTANA's companies have special data sheets on hand that provide consumers with important information on safe storage and further processing. Moreover, certified lifecycle analyses are available for certain products. With an eye to an increasing circular economy and to further improve the ecological footprint of its products, ALTANA also evaluates the use of renewable raw materials or raw materials from recycling processes, without disregarding its high standards of quality and compliance with chemical regulations. With the ALTANA Excellence program, manufacturing processes are constantly being optimized in terms of energy efficiency as well as emissions and waste avoidance.

Products and Technologies for More Climate Protection

In the year under review, all of our divisions made progress with products and technologies for greater climate protection.

At BYK, further additives were developed that can significantly extend the electrochemical stability and shelf life of batteries. They bring about improved distribution and stabilization of the conductive carbon materials used, which are deployed as electrode materials in lithium-ion batteries in particular. This conserves resources and generates added value for the customer.

ACTEGA continued the success story of PVC-free sealing materials. While chlorinated compounds pollute the environment during production and disposal, the newly developed materials make due without halogen-containing materials. In addition, material savings of up to 30 % are possible in the application and no harmful plasticizers are used. This is a major advantage, and not only for sensitive applications in the food sector. The energy requirements for the manufacture and use of the materials are also lower, which is reflected in a better CO_2 balance.

ELANTAS achieved a breakthrough with the use of a new component for the manufacture of products based on unsaturated polyesters. Monomers or diluents used in unsaturated polyester resins often contain high levels of volatile organic components and are sometimes of regulatory concern. Thus, they can cause harm to humans and/or the environment if used improperly, resulting in special precautions during production, transport, and use. Thanks to the novel component, the products made from it are free from any hazard classification and labeling. At the same time, they retain their excellent electrical, chemical, and mechanical insulating properties and significant amounts of waste are avoided. This is another example of how innovations in the chemical industry, in particular, contribute to climate protection and sustainability.

Low-Emission Products and Technologies

All of the divisions launched new products that help reduce various emissions. This not only reduces possible stresses at the workplaces and thus improves protection of the respective users, but also conserves resources and is environmentally friendly.

BYK developed and launched zero-emission products for various applications and launched them on the market. The spectrum ranges from wetting and dispersing agents to rheological additives, defoamers, and additives that have a positive influence on the properties of surfaces. Rheological additives, for example, significantly improve the flow behavior of powder coatings during curing. Hence BYK supports its customers in further improving the general applicability of these solvent-free coating systems. Unlike other coating systems, powder coatings offer the possibility of collecting and recycling so-called overspray, that is, material that flies past the component to be coated. This reduces the amount of waste. By adjusting the flow behavior of the not yet cured coating, the novel additive increases the thickness of the layer, particularly at the edges. This improves the corrosion protection and thus extends the service life of the protective coating and the actual component. In addition, the product contains renewable raw materials from certified sources.

Other ALTANA companies are taking a similar approach. For example, traditional markets are increasingly switching to applications devoid of organic solvents. The materials are either converted to aqueous systems or solvents are dispensed with altogether. In order to continue to achieve the desired properties, the requirements profile for ALTANA products is constantly expanding. It is often the elimination of minute amounts of volatile organic compounds that provides the key advantage. The customers obtain the desired effects without unwanted emissions. And this delivers added value along the entire value chain all the way to the end consumer.

Replacement of Critical Substances

In the year under review, ALTANA succeeded in replacing other critical substances. For example, ECKART developed novel metallic effect pigments that can obviate the need for chromium VI compounds. Plastics are still treated with toxic chromium compounds in galvanic processes to generate metallic coatings. Chromium VI compounds have harmful effects on human health and have a deleterious impact on the environment. Due to their properties, the novel effect pigments can replace electroplated surfaces. As a result, the desired optics can be achieved, for example, on trim strips in automotive interiors, without the risks described above.

In the reporting year, BYK developed further surface additives and defoamers in which special manufacturing processes remove unwanted by-products in the form of silicone cycles. As a consequence, the products meet the special requirements even of sensitive applications, thus enriching customers' options for manufacturing their materials in the best possible form.

Through the use of novel catalysts, BYK succeeded in continuously expanding its range of tin-free wetting and dispersing agents. The products meet the current requirements, especially those of customers in the furniture industry. In addition, the formulations comply with special regulations, including the Toy Safety Direction.

Contributions to a Circular Economy

The topic of a circular economy is becoming increasingly important for the chemical industry. The transition from linear to circular value chains includes reuse as well as mechanical and chemical recycling. This also includes waste incineration processes in which the heat generated is used as a source of energy and, in the future, will include the reuse of the resulting CO_2 as a chemical raw material.

Product design figures prominently in this process. The aim is to achieve both the desired product properties and simple recycling of the raw materials.

ACTEGA developed a water-based primer with barrier properties for cardboard packaging. In combination with an associated top coat, the cardboard packaging coated in this way can serve as a substitute for polyethylene-laminated or extruded sheets. One area of application is food packaging, such as takeaway ice cream cups and cold drink cups. Typically, a layer of polyethylene is used, either extruded or laminated to board. Polyethylene serves as a barrier layer for food and prevents water or grease from penetrating into and through the sheet. These multi-component films cannot be mechanically recycled using the technical methods available today. The novel, water-based barrier coatings from ACTEGA, on the other hand, are an environmentally friendly alternative without a polyethylene layer. After use, the cardboard can be recycled in the usual paper stream; the coatings do not interfere with this process.

On the raw material side, too, the transition to circular processes offers considerable advantages. For instance, BYK uses an external service provider for the distillative recovery of an important raw material. Apart from avoiding around 200 tons of waste per year, this means that around 120 tons of raw material which meets the strict regulatory and quality requirements in all respects can be recovered. And because it uses less energy than the actual manufacturing process, the secondary raw material has a better carbon footprint than the primary one. The same concept is already being used successfully today for other materials. ALTANA sees this as a good opportunity to conserve resources and reduce greenhouse gas emissions, thereby promoting dialog with appropriate suppliers and service providers.

Regenerative and renewable raw materials also lead to improved eco balances. ELANTAS developed an epoxy system based on biobased building blocks. And in the year under review, BYK introduced further products that are based on up to 100 % renewable raw materials and in some cases are fully biodegradable.

In addition to these specific product developments, ALTANA is also involved in national and international initiatives, such as the German Chemical Industry Association (VCI) and the European Chemical Industry Council (CEFIC).

Safety and Health

ALTANA acts according to the "safety first" principle and relies on an effective safety culture. Technical and organizational measures as well as our training programs contribute to enhancing work safety and anchoring the issue firmly in our employees' minds. In 2021, too, protecting the health of all our employees in the face of the coronavirus pandemic was the focus of our activities.

Occupational safety and occupational health protection are top priorities at ALTANA. This year, too, we succeeded in keeping the number of occupational accidents at our sites at a low level, thus achieving our ambitious safety targets once again. ACTEGA was again able to significantly reduce the figure, while BYK and ECKART recorded an increase. ELANTAS succeeded in keeping the number of occupational accidents low.

Some sites and companies are particularly distinguished by their occupational safety: BYK and ELANTAS in Tongling, ECKART Zhuhai, and ELANTAS Beck India in Pune have been accident free for at least ten years. ACTEGA Foshan and ELANTAS Zhuhai have gone more than five years without an accident (nine years and five years, respectively). Another five sites have been accident free for at least three years.

Further facts and figures can be found in the Group Management Report starting on page 68 f.

Measures Taken in Connection with the Coronavirus Pandemic

In coping with the coronavirus pandemic, we consistently pursued the safety measures introduced in the previous year and adapted them to the respective situation. As a result, the virus was unable to spread more widely at any of our sites in the reporting year. This was due not only to the self-discipline of our employees, but also to the safety culture that is firmly anchored at ALTANA. And it is confirmation that the measures we took early on were the right ones. The crisis teams at the company, division, and Group levels create a clear decision-making and communication structure. In addition, all relevant information, regulations, and recommendations for dealing with the coronavirus are available centrally on an overview page on ALTANA's Intranet.

At the sites, not only strict hygiene and distance rules, but also increased use of mobile work reduced the risk of infections being brought in from outside the respective site. Thus, mobile work not only served to protect people who could work from home, but also, and more importantly, to protect employees who continued to work at the respective site due to their job profile.

Travel was kept to a minimum. Work meetings were held predominantly in virtual space. Appropriate hygiene concepts were drawn up for major internal and external events. Depending on the situation, some events were postponed, canceled, or held digitally as a precaution. These included larger customer events staged as online seminars.

Ergonomics

Ergonomics make an important contribution to occupational health and safety. Workplaces and activities designed appropriately increase the productivity of the workforce and reduce absences due to illness. For example, ECKART uses lighter drum covers at its Painesville site in the U.S., resulting in a weight reduction from 17 kg to 7 kg. This makes it easier to change the covers and prevents overloading of the arms. The commissioning of an automatic packaging facility at the same site significantly reduces manual work while simultaneously increasing productivity.

ALTANA again invested in lifting aids in the year under review. ACTEGA introduced appropriate lifting aids for drums at the U.S. site in Charlotte and for bags and containers at its site in Spain. ELANTAS in Quattordio (Italy) implemented improvements in the handling of can containers, making it easier to move the containers both in production and in the warehouse. In addition, ELANTAS established a new, lighter container type in response to customer requests.

Ergonomics is incorporated directly into the planning of new buildings and new plants. For example, ELANTAS in Malaysia uses filling systems on newly installed reactors that can handle bagged containers in the 500 kg to 1,000 kg range with ease. At its U.S. site in Schererville, ECKART invested in a new type of centrifuge technology, which, in addition to having improved ergonomics, also ensures even greater process reliability. In the Netherlands, BYK in Deventer relies on improved grinding technology, thereby reducing the physically very strenuous work in this area.

Especially in times of the coronavirus pandemic, exercise is very important. ELANTAS in Hamburg came up with something special. Employees were invited to take a virtual tour of northern Germany. Instead of visiting the respective locations individually or as a group in person, an app counted the steps actually taken, for example during a "mobile lunch break," and transferred them to a virtual map. The 21 participants covered a total of 12,219 km, with an average of 10,154 steps per day.

During the coronavirus pandemic with the continued increase in mobile work, it is often difficult to actively organize breaks. BYK therefore offered all employees at its Wesel, Schkopau, Kempen, and Moosburg sites online courses for physical and mental relaxation. These invigorating breaks have proven to enhance concentration and performance.

Reducing Exposure and Avoiding Risks

As described in the "Products" chapter, ALTANA replaces critical substances with non-critical ones whenever possible. If this is not feasible, we do everything we can to minimize the respective risk of exposure.

In the year under review, ELANTAS installed a new containment system at its Hamburg site. In combination with the tanks set up last year, isocyanates can now be handled entirely in closed systems. Similar concepts were also implemented at the division's Italian sites in Ascoli and Quattordio, enabling raw materials such as cresol or styrene to be processed even more effectively. BYK continued to drive forward the automation of dosing processes at its Dutch sites in Denekamp, Deventer, and Nijverdal. In the U.S., ECKART installed a new sandblasting facility in Painesville, which eliminates the need for manual cleaning of rotor blades. Also, solvent baths for cleaning are no longer needed.

Safety in Chemical Processes

In addition to avoiding exposure on the part of people and the environment, process safety is also a focus during filling operations. When adding solids, in particular, care is taken to ensure that this is done in closed systems with a suitable inert gas atmosphere.

BYK set up new dosing systems for the solids feeding at several sites. Different systems are required, since different materials have a different flow behavior and requirement profile. For example, one solid may be quite sticky while another is powdery and free-flowing. At its Painesville site, ECKART changed the monitoring system for the solids silos. This allows the plant operator to better control the filling process. And ACTEGA installed an extensive safety rack in the solids feeding area at its Sedan site in France. The move has significantly increased storage capacity and enhanced process reliability. A small step with a big effect.

ELANTAS expanded its production and laboratory space in Collecchio by more than 1,400 square meters. In addition to logistical aspects, this also improved the operational process steps.

At several sites, the divisions introduced improvements in heating, cooling, and stirring processes. A major focus was also on safety-controlled measurement and control technology. To identify further optimization opportunities, interdisciplinary teams work together at all sites to look at the various aspects and make a risk-oriented assessment. In this way, ALTANA is always one step ahead when it comes to safety.

Incidents in Detail

Based on the instructions for reporting on globally harmonized process safety key figures in accordance with the International Council of Chemical Associations (ICCA) and the definition provided by the German Chemical Industry Association (VCI), there were 19 significant incidents in the year under review. 18 incidents involved the release of chemicals, and another incident involved a fire. In one of the cases, there was a minor spill of a chemical leading to soil contamination. The contaminated soil was removed and disposed of properly. No persons were injured in any of the incidents.

Environment

Environmentally friendly management is a key component of ALTANA's corporate strategy. Our goal is to steadily reduce the energy consumption at all sites and in all areas. We also implement this objective in other environmentally relevant areas, such as waste and the consumption of drinking water.

Improvements in Environmental Performance

The ALTANA Group measures progress in the area of environmental protection using specific key performance indicators. In addition to the absolute values, the figures are set in relation to the quantity of produced finished goods. ALTANA sets annual upper limits for energy consumption, water consumption, and waste quantities in relation to produced finished goods. The development of these indicators is published in the document "Facts and Figures on Sustainability 2021."

In the 2021 fiscal year, the ALTANA Group's energy consumption increased to 743,304 megawatt hours compared to 668,493 megawatt hours in the previous year. This was due to the significant increase in global economic output and the resulting demand. The volume of produced finished goods increased from 523,730 tons (2020) to 612,089 tons (2021). Also due to this increase, specific energy consumption decreased from 1.28 MWh per ton of finished goods produced (2020) to 1.21 MWh per ton of finished goods produced (2021).

ALTANA already switched its global electricity procurement to renewable sources in 2020 via Guarantees of Origin. In the year under review, it additionally invested in offset projects for the first time. Here, attention is paid to the highest standards and to ensuring that the projects are in line with the United Nations Sustainable Development Goals. In the reporting year, ALTANA offset 32.9 % of its Scope 1 emissions. Since 2020, we have also been publishing CO_2 equivalents, which include other greenhouse gases in addition to carbon dioxide, such as nitrous oxide (N_2O). The value for 2021 is 102,851 tons. Greenhouse gas emissions increased at a disproportionately low rate of around 11 % compared with the previous year. Of this amount, 69,500 tons of CO_2 equivalents (of which 68,144 tons for Scope 1 and 1,356 tons for Scope 2 from the purchase of electricity, steam, district heating, and compressed air using the "market-based" method) are caused by unavoidable greenhouse gas emissions that were not offset by compensation. In addition, biogenic greenhouse gas emissions accounted for 222 tons of CO_2 equivalents.

As a result of the growth described above, the volume of hazardous waste increased from 17,836 tons in the previous year to 21,634 tons in the reporting period. The indicator related to the quantity of produced finished goods increased slightly from 34.1 kg/t to 35.3 kg/t. The amount of non-hazardous waste increased disproportionately by 12 % from 8,573 tons to 9,598 tons. The figure in relation to produced finished goods was thus cut from 16.4 kg/t to 15.7 kg/t. The reasons for the improved waste volume balance include the optimization of production processes and the reuse of byproducts (details can be found in the document "Facts and figures on sustainability 2021").

The volume of water consumption also grew and reflected a switch to water-based products. Drinking water consumption increased from 1.15 million cubic meters in the previous year to 1.36 million cubic meters in the year under review. The resulting ratio based on the volume of produced finished goods was 2.22 m^3/t (previous year: 2.19 m^3/t).

A total of 651,955 tons of raw materials were required. Of this amount, 442,382 tons were fossil raw materials, 27,834 tons were renewable raw materials, 129,241 tons were non-fossil and non-renewable raw materials, and 52,499 tons were water. Detailed information on ALTANA's resource and energy consumption (differentiated by electricity, natural gas, and oil) as well as the environmental indicators can be found at www.altana.com/facts_figures_sustainability_2021.

In 2021, 90 % of the ALTANA Group's production sites met the ISO 14001 environmental management standard. New sites are often not yet certified according to ISO 14001 and have three years to do so. However, these sites are already included in the total number of production sites. Ten sites also have energy management certification in accordance with ISO 50001.

On Course for Climate Neutrality by 2025

ALTANA plans to reduce its CO_2 impact in production and energy procurement to zero worldwide by 2025. The climate neutrality encompasses the company's own production, administration, and research. Included are CO_2 emissions resulting from the combustion of fossil fuels, primarily natural gas (Scope 1), as well as indirect CO_2 emissions from energy consumption, mainly in the form of electricity (Scope 2). The climate neutrality to be achieved by 2025 also includes the CO_2 emissions resulting from necessary business trips, company cars, and goods transport (Scope 3). This means that for the areas mentioned, CO_2 emissions into the environment will be avoided or compensated for through suitable measures. As a result, ALTANA is contributing to the climate target of limiting global warming to 1.5 °C that was set at the United Nations Framework Convention on Climate Change in Paris in 2015 and confirmed in Glasgow in 2021.

In the year under review, ALTANA consistently pursued its climate protection goals and continued to drive forward the energy transformation. All sites contributed to this.

To avoid unnecessary energy consumption, facilities and machines were identified that can be temporarily switched off or run in a reduced operating state without impairing operational processes and safety. Examples include ventilation systems and lighting systems, as well as heating chambers. In total, energy savings of 52 MWh per year can be realized. ECKART decommissioned a cooling tower at its Hartenstein site, a move which saves more than 15 MWh per year. State-of-the-art energy monitoring and energy management systems, for example at ECKART's Zhuhai site, ensure that such unnecessary consumption is identified. Optimized manufacturing processes can also contribute to energy efficiency. With the ALTANA Excellence Program, such adjustments are systematically developed and implemented. The Group also achieved improvements in the area of heating / cooling systems and ventilation systems. At ACTEGA in France, for example, reversible air conditioning systems were installed in offices and meeting rooms. They are able to absorb heat from a room and feed it into the company's own heating system. In addition, they can also cool rooms accordingly. The installation of a new thermal oil heating system at the ELANTAS site in Ascoli reduced energy consumption by 8 %. At the same site, the cooling system was renewed, achieving further energy savings. And the ELANTAS sites in Quattordio (Italy) and St. Louis (U.S.) also started to optimize their cooling systems and steam generators.

Another important contribution is made by converting the existing lighting systems to more energy-efficient alternatives such as LEDs. To this end, projects were carried out at various sites of the four divisions. At BYK-Gardner in Geretsried alone, around 140 MWh per year can be saved in this way. In addition, the divisions pay attention to high energy efficiency when purchasing new machines and equipment. For example, the replacement of three existing motors with motors of the highest efficiency class IE4 at ECKART's Hartenstein and Wackersdorf sites has led to a reduction of more than 50 MWh per year. This concept is also applied at other sites.

For the aftertreatment of emissions in production processes, plants for thermal afterburning using natural gas are operated at various sites. At its site in Ascoli, ELANTAS further optimized its thermal afterburning system and reduced natural gas consumption by 15 % in relation to the volume of produced finished goods. BYK installed a natural gas-free alternative for waste gas treatment in the form of a gas scrubber in Wesel.

For ALTANA, doing without fossil fuels is an important pillar on the way to climate neutrality. With the participation

Environmental performance indicators ALTANA

	2018	2019	2020	**2021**
CO_2 equivalents specific (Scope 1 + Scope 2)[1] (t/t)	0.34	0.35	0.18	0.17 (0.11)[2]
Energy consumption (MWh/t)	1.26	1.28	1.28	1.21
Drinking water (m³/t)	2.43	2.38	2.19	2.22
Hazardous waste (kg/t)	33.45	34.38	34.06	35.34
Hazardous waste for disposal (kg/t)	6.16	5.72	4.74	5.43
Non-hazardous waste (kg/t)	20.23	18.17	16.37	15.68
Non-hazardous waste for disposal (kg/t)	9.36	7.60	7.03	7.85

The key performance indicators are calculated from the absolute values in relation to the quantity of produced finished goods.
[1] Scope 1: direct emissions; Scope 2: indirect emissions
[2] Taking into account the CO_2 equivalents offset by means of compensation projects.

of all sites, a roadmap with concrete projects was drawn up to achieve a complete energy transformation. The implementation of the projects is ensured by the appointment of corresponding teams. ACTEGA North America is evaluating options to replace the currently existing natural gas burners with electric ones. ACTEGA's site in Spain converted to a CO_2-neutral heating/cooling system. And of course ALTANA also pays attention to the seemingly minor things when it comes to energy transformation. In 2021, for example, diesel- and gas-powered forklifts were replaced by electrically powered ones at various sites. In cases where sites cannot currently obtain certified green electricity directly from the local electricity provider, so-called Guarantees of Origin for electricity from renewable sources are purchased in accordance with recognized quality standards (for example, CoO for Europe, IREC for China, and GREEN-E for the U.S.). In 2021, the volume was approximately 263,455 MWh.

In parallel, ALTANA is working intensively on further possibilities, for example direct procurement from sustainable energy generation plants. Some ALTANA sites already generate their own energy from renewable sources. ELANTAS operates its own photovoltaic systems in Ascoli, Collecchio, and Pune, and at BYK's site in Deventer. ECKART in Hartenstein additionally generates electricity from a hydroelectric generator, and BYK in Denekamp deploys biogas to generate energy. In total, ALTANA already generates and uses around 2,840 MWh/year from renewable energies.

In the year under review, ALTANA also compensated for 33,351 tons of greenhouse gas emissions from the hitherto unavoidable use of natural gas by financing equivalent climate protection projects in the regions where the greenhouse gas emissions occur.

Responsible Usage of the Resource Water

Water plays an important role in many of the ALTANA Group's production processes, and so the specialty chemicals group is making various efforts to use this resource sparingly. Water is used in the chemical industry as a raw material, as a cleaning agent, and as a coolant. ALTANA aims to keep its water consumption as low as possible and to use water as a cooling medium in closed loop systems.

In the year under review, we were able to significantly reduce water consumption at several sites. Through optimization measures, ELANTAS reduced consumption of city water at its Ascoli site by more than 10 % compared to the previous year. ECKART completed a project in Hartenstein which reduces the use of spring water by approximately 20,000 cubic meters per year. This measure will allow the water used for cooling vacuum pumps to be deployed as process water. At its Sedan site, ACTEGA conducted a study which enables it to switch from a cooling tower to a cooling system of alternative design. This will permit annual savings of approximately 500 cubic meters of cooling water.

Optimization of Waste Management

Chemical processes generate waste and wastewater, which mainly applies to production sites.

ALTANA aims to avoid or reduce wastewater and waste and thus minimize the negative effects on people and the environment, among other things by using suitable raw materials and cleaning agents.

ALTANA's divisions were able to reduce waste volumes at numerous sites by means of recycling. At ECKART in Painesville, for example, grinding media that could no longer be used were recycled and approximately 13 tons of waste avoided. The ECKART site in Louisville also succeeded in processing waste streams containing metals so that they can be recycled. Significant quantities of solvents were conserved at several sites through the use of more efficient cleaning agents and revised cleaning regulations. Examples include the ACTEGA site in Sedan (France) and ELANTAS Malaysia. At its U.S. site in Wallingford, the BYK division was also able to significantly reduce solvent consumption through process optimization. As a result, around 170 tons of waste are avoided annually. At the BYK site in Kempen, the quantities of waste containing TDI were significantly reduced. These examples show how ALTANA consistently optimizes processes, also using its ALTANA Excellence program.

Emissions Further Reduced

In addition to the greenhouse gas CO_2, which mainly arises during the combustion of fossil fuels, volatile organic compounds (VOCs) also contribute to emissions. ALTANA aims to continue keeping these emissions as low as possible in the future. To achieve this goal, various technical options are available at many sites. Further measures to reduce emissions were implemented in the year under review.

ACTEGA installed new types of cover systems at its North American site in Charlotte, which lead to better extraction and thus fewer emissions. ECKART in Schererville (U.S.) equipped a medium-sized stirred tank with a new condenser, thus managing to collect VOCs and transfer them to the normal waste or recycling stream. ELANTAS in Zhuhai also worked intensively on VOC avoidance and successfully completed a corresponding project on thermal afterburning.

In Pori, Finland, ECKART managed to prevent dust from escaping by modifying the exhaust air system of a calcination furnace. And BYK developed a new type of catalyst based on layered silicates at its site in Widnes, UK. In addition to improved performance in a catalytic reaction, this also makes the product form more homogeneous and results in less dust.

In addition to reducing the quantities of VOCs, ALTANA also focuses on continuously improving noise emissions. At its site in Vigo (Spain), for example, ACTEGA reduced the noise level of its compressors. ELANTAS in Ascoli (Italy) was able to cut both noise levels and other emissions by investing in new solenoid-operated pumps and other equipment.

Human Resources

ALTANA gears its activities to long-term and sustainable growth. We can only achieve this goal together with our competent and committed employees. We therefore promote the professional development of our staff, prepare them for leadership positions, and enable them to participate in the company's success. Furthermore, we put particular emphasis on the recruitment of young talent, specialists, and managers. Our corporate culture has once again proven its worth in coping with the coronavirus pandemic and supports the establishment of a New Normal after the pandemic ends.

Challenges Mastered Together in 2021

Of overriding importance for ALTANA's corporate success are its highly qualified, motivated, and dedicated employees. They are our most important resource. So during the coronavirus pandemic it was all the more important to continue to ensure the health and performance of each individual in the second year of the pandemic. While many colleagues worked primarily from home, the teams in the laboratories, production, and logistics ensured on-site operations.

Between Pandemic and New Normal

Even though the pandemic continued, in 2021 ALTANA was already intensively engaged in designing a new normality consisting of on-site and mobile work after the pandemic. The company sees the New Normal above all as an opportunity to expand its position as a future-oriented, modern employer. Our corporate culture, with its values of appreciation, openness, empowerment to act, and trust, contributes to this. To do justice to the complexity of the issue, the company's worldwide management was called upon to develop sustainable concepts in line with local conditions, as the respective legal, site-specific, and activity-related framework conditions can vary widely. This culture of hybrid work will continue to accompany us in the coming years and will have to be regularly adapted to current internal and external circumstances.

HR Transformation

We are also aligning our HR processes with a view to the future. As part of the HR Transformation project launched in 2018, we successfully completed the first key project phase in the spring of 2021. As a result, all HR master data have been brought together in a leading HR management system (SAP SuccessFactors). This enables ALTANA to simplify reporting, for example, and to involve the entire workforce in our HR processes – an important foundation for the project's overall objective of rethinking overarching HR processes, improving established processes, and connecting the HR community more closely.

Furthermore, in the course of the global rollout of SuccessFactors, the interface for transferring employee data to IT was significantly improved. Consequently, data maintenance can be simplified, multiple maintenance avoided, and significantly higher data quality achieved.

For the penetration of processes, it is of utmost importance that all employees have the equal opportunity to use digital media. For this reason, we also provided IT access to people who do not need a personalized user account for their daily work. Around 480 additional user accounts were generated and made available to colleagues.

The implementation of a global learning platform, which had been driven forward in the previous year, was successfully completed in 2021. In the year under review, we made global e-learning available to our workforce on the learning platform and assigned target group-specific training courses to employees.

Talent Management

We reached another important milestone by implementing a global, system-supported Talent Cycle. The realignment of our annual employee appraisal based on the competency model adapted in 2019 is an important building block for ALTANA-wide talent management.

The Talent Cycle enables all colleagues equally to receive transparent feedback on the competencies that are important to ALTANA, so that everyone's personal strengths and fields of development can be clearly identified. In this way, we want to further promote continuous exchange between employees and their managers – across all sites, in a globally uniform way, and thus transparently for everyone involved. To ensure full implementation of this new process, all employees have access to e-learning and various user videos. In addition, all managers in the company received special training on this topic.

Women in Management Positions

To further increase the share of women in management positions, we are continuing to implement the LEADING WOMEN@ALTANA initiative in Germany. The initiative includes a mentoring program that prepares women who have potential for a possible leadership role and accompanies women who have taken on a leadership role for the first time. The twelve-month program involves teams of two consisting of a mentee and a mentor who meet at regular intervals. During the meetings, the male or female mentor shares his or her knowledge and experience with the mentee.

ALTANA's medium- to long-term goal is to increase the proportion of women in management positions throughout the ALTANA Group to the percentage that corresponds to the share of women in the worldwide workforce.

Virtual Employer Branding

Despite the pandemic-related restrictions, we continued to push forward our external recruiting activities. With creativity and the use of innovative technology, we designed 3D tours of our company and participated in several virtual career fairs. Our commitment is even recognized outside ALTANA. For example, we finished first in the overall ranking in the BEST RECRUITER competition among more than 400 top employers in Germany. The award confirms that the projects we initiated in recent years are bearing fruit and that we are meeting applicants' expectations.

Social Commitment

As a good corporate citizen, ALTANA supports and sponsors social projects focusing on education, science, and research. To strengthen our local environments and to be a good neighbor, we especially promote initiatives near our sites worldwide. ALTANA also helps when there are disasters and supports disaster prevention projects.

Social Commitment

The natural sciences, mathematics, informatics, and technology are among the drivers of economic development and social progress around the world. Important solutions are also being developed in these disciplines with a view to the environment and climate change. In this context, ALTANA wants to help introduce young people to these disciplines at an early stage and kindle their enthusiasm for them. In addition, the ALTANA Group is involved in a number of selected social projects. In cooperation with experienced partners from the education sector, we support concrete projects, often in the immediate proximity of our sites. To maximize lasting impact, the company usually promotes these projects over a period of several years. In 2021, too, events that ALTANA has actively supported for many years had to be canceled due to the pandemic. These include, for example, the Research Days for kindergartners and elementary school children, which ALTANA has held for many years. Other offers, such as ACTEGA in Grevenbroich's promotion of students interested in science within the framework of various school collaborations, could take place in 2021 even under pandemic conditions.

Educational Coaching of Elementary Schoolchildren

ALTANA has supported the educational coaching project at GGS Innenstadt, the largest public elementary school in Wesel, for eight years now. The project was initiated by the City of Wesel and implemented by the Klausenhof Academy in close cooperation with GGS Innenstadt. The main aim is to promote elementary schoolchildren and to achieve better opportunities for children with a migration background and from socially deprived families. ALTANA financed the personnel and material costs for a socio-educational expert at the Klausenhof Academy. The expert assigns "personal mentors" to each child, trains the mentors, and coordinates their work. A total of 53 children have been supported since the project began in 2014. Currently, 17 volunteer mentors are taking part. They support and challenge the girls and boys in their personal development according to their abilities.

The coronavirus pandemic has posed a great challenge to those involved in educational coaching. It is particularly important to stay in contact in these times, especially with children and parents from particularly socially strained backgrounds. The specialist regularly exchanges ideas with the mentors, parents, the school and, in some cases, with family aid and the youth welfare office, working with them to find pragmatic solutions that help the children cope in their everyday lives and provide them with the best possible support despite the restrictions imposed by the pandemic. Many of the mentors helped the children with their homework by phone or via digital tools. This was a great help, especially during the distance learning phases at the beginning of the year. The cramped conditions in their apartments, lack of exercise, and lack of motivation were a further impediment to many of the sponsored children. So the children worked all the more enthusiastically on their dexterity and fitness together with an external trainer once a week in the afternoon from April until the summer vacations under the motto "Strong muscles, alert mind." The socio-educational expert also organized a swimming course for the children during the summer vacations, and the kids regained self-confidence in the nearby climbing park.

At the end of the year, ALTANA and BYK implemented a wish tree campaign for the first time at the Wesel site. The children made Christmas stars and wrote or painted their wish on them. Together with their respective mentor, the children hung their stars on the large Christmas tree in the entrance hall. In the days that followed, ALTANA and BYK employees were informed about the Christmas tree campaign and called upon to participate by selecting a star with a wish written on it worth around 25 euros and by providing and wrapping the gift for the respective child. In a short time, all the stars were "sold out" and the Christmas joy of the children, whose parents are often unable to fulfill even small wishes for them, was assured.

Youth Startups Competition

In 2021, ALTANA again supported the competition "Jugend gründet" (Youth Startups), sponsored by the German Federal Ministry of Education and Research, offering a special prize in chemistry for the seventh time in a row. In the national finals in 2021, two young inventors from Halle (Westphalia) won the prize with an innovative, well thought-out business idea for smart energy storage systems. The young people, a comprehensive school student and an electrician trainee, had been working together for over five years on their idea for lithium-ion-based energy storage. After submitting their idea to the "Jugend forscht" competition, they developed it further and turned it into a business plan that convinced the jury of "Jugend gründet," in which ALTANA is also represented. The duo, which calls its venture "Tekkietorium," impressed the jury not only with their technically far-reaching idea, but also with the great expertise with which they implemented it.

The ALTANA Special Prize for Chemistry is coupled with a trip to Wallingford on the East Coast of the U.S., where the students can visit one of the ALTANA Group's largest research and production sites at BYK USA and take part in an interesting social program. The trip could not take place in 2021 due to the pandemic and will be made up for at a later date.

Further Education for Teachers

Enthusiasm for STEM subjects starts with enthusiastic teachers. That's why ALTANA has been supporting a nationwide training course organized by the MIT Club of Germany since 2016, which is specifically aimed at science teachers. Under the motto "Schule MIT Wissenschaft," the three-day conference, which took place as a hybrid event in Bremen in 2021, serves to promote an exchange of experiences among teachers as well as the communication of new scientific findings. Without the support of sponsors such as ALTANA, the high-profile event with Nobel Prize winners and other scientists would not be possible.

Fundraising Campaign for Flood Victims and Disaster Preparedness

2021 was another eventful year that made the great challenges of our time more than clear to us. Flood disasters and fires deprived many people and entire regions of their livelihoods. In July, severe storms wreaked tremendous destruction in Germany, especially in North Rhine-Westphalia and Rhineland-Palatinate. ALTANA reacted promptly and helped by donating 100,000 euros to the alliance "Aktion Deutschland Hilft e.V.," which, together with its partner organizations, provided emergency aid to the affected people in the flood disaster areas.

In the year under review, ALTANA also supported the disaster preparedness activities of this aid alliance to the tune of 25,000 euros. These initiatives of various alliance organizations help people around the world to arm themselves against the effects of climate change. They include projects that impart knowledge, install early warning systems and emergency plans, build infrastructure, and mitigate the effects of climate change. The objective of the measures is to prevent suffering before it happens. The ALTANA Group's 2021 digital Christmas card included an appeal for donations for the aid alliance's disaster prevention efforts. Recipients of the card had the opportunity to donate to the preparedness projects via a donation link on the card, thus increasing the total amount donated.

Social Commitment and Other Donations

In 2021, the coronavirus pandemic again had an impact on ELANTAS Beck India's social commitment endeavors. The company supports projects that focus on education, health, and hygiene, and did so even before 2014, when companies in India were legally obligated to assume responsibility for society. In the year under review, the country was severely affected by the pandemic – especially in April and May – and ELANTAS Beck India was again faced with the difficult task of deciding which of the many coronavirus aid projects the company could support. It opted for two broad-based emergency and disaster funds as well as the support of a hospital in Pune, which made its entire capacity of 110 beds available for treating people suffering from COVID-19.

Despite pandemic-related interruptions, many educational programs in India could be offered online. As part of its commitment to sustainability, ELANTAS Beck India again supported an educational project of the organization Surajya Sarvangin Vikas Prakalp. In the project, a total of 546 students from eight slums near Pune are taught. The girls and boys from grades one to ten are cared for in the organization's after-school facilities. Through its in-school and after-school programs, the initiative fosters the children's desire to learn, provides orientation, and shows them the importance of education.

ELANTAS PDG in St. Louis, U.S., has also supported local social projects for many years and at the same time reinforced its employees' personal commitment to sustainability. The staff actively supports people who live in the neighborhood of the site and has been doing so for more than 15 years in some projects. Among the most important aid projects are the social initiatives Back to School Supplies and Annual Holiday Drive, which are coordinated by dedicated employees at ELANTAS PDG. For the Back to School Supplies initiative, the project coordinator collected funds from employees again in 2021, which were used to buy school supplies such as notebooks and pencils for needy children attending the nearby Nance Elementary School. Similarly, the organizers of the Annual Holiday Drive initiative once again used the money donated by colleagues to assist ten needy families and help them have a nice Christmas by giving them gifts such as shoes, toys, and clothing, as well as a basket of food.

In the year under review, ALTANA donated 5,000 euros to the sponsoring organization of the Parizat Nestling Home (PNH) in Kathmandu, which provides a safe home for girls of parents who are in prison or very poor. The facility accommodates around 50 girls between the ages of four and 16 who would otherwise have had to spend their lives on the streets. The Parizat Nestling Home provides the minors with a comprehensive school education and medical care and teaches the girls practical skills, such as sewing. The goal is to fully reintegrate the stigmatized children into Nepalese society. The donation was used to purchase additional computers for the facility so that the girls can be even better trained in the use of IT technology, especially in times of homeschooling during the coronavirus pandemic. In the past, ALTANA had already assisted the PNH, supporting the installation and expansion of a solar plant.

In August, the BYK division at the Wesel site donated 13,000 euros to the local Marien-Hospital for the procurement of an emergency simulation manikin. The manikin is used by nursing staff, medical personnel, and therapists to train for emergency situations under realistic conditions. This includes, for example, the use of ventilators and mechanical resuscitation aids. Without the simulation manikin, these exercises would not be possible, because an acute situation does not usually allow for training or education. In addition to basic training, very complex situations in critical areas such as intensive care and emergency rooms can be simulated. Ultimately, this benefits patients by providing maximum safety.

ECKART also showed social commitment once again in the year under review. It has been a tradition for several years for the staff at the Wackersdorf site to collect income from Christmas parties and health days as well as private donations so that a larger amount is available every three years. ECKART tops up the donation amount. In January 2021, the donation sum of 20,000 euros was presented to the Association for the Promotion of Children with Cancer and Physical Disabilities in Eastern Bavaria (VKKK). As part of the annual Christmas campaign "Donations instead of gifts," the company provided a total of 20,000 euros. The donations were given to a children's aid organization and a nature conservation association that works, among other things, to protect, preserve, and maintain forests, moors, and open-air biotopes at various locations in Germany.

The ACTEGA division was involved in various initiatives and projects near its sites in the reporting year. In Araçariguama, ACTEGA do Brasil and its workforce donated food to 120 needy families and for a Christmas party organized by the local social services office. As in previous years, ACTEGA North America again supported the Angel Tree campaign of the Lincoln County Department of Social Services for needy children from the region. In Spain, ACTEGA Artística not only donated to the major nationwide aid organizations Caritas and Aldeas Infantiles, but also supported the local food bank in Vigo as well as a local organization that looks after families with children suffering from cancer and actively works to improve the overall care of children with oncological disorders.

Consolidated Financial Statements (condensed version)

ALTANA Group Consolidated Income Statement

	Notes	2020	2021
in € thousand			
Net sales	4	**2,178,160**	**2,666,539**
Cost of sales	5	(1,357,135)	(1,722,839)
Gross profit		**821,025**	**943,700**
Selling and distribution expenses		(284,838)	(332,983)
Research and development expenses		(163,365)	(179,672)
General administration expenses		(104,805)	(118,561)
Other operating income	6	11,800	16,503
Other operating expenses	7	(94,076)	(6,146)
Operating income (EBIT)		**185,741**	**322,841**
Financial income	8	4,677	8,124
Financial expenses	9	(8,827)	(10,088)
Financial result		**(4,150)**	**(1,964)**
Income from at equity accounted investments		(38,900)	(45,833)
Income before income taxes (EBT)		**142,691**	**275,044**
Income taxes	10	(67,544)	(79,857)
Net income (EAT)		**75,147**	**195,187**
thereof attributable to non-controlling interests		1,872	1,889
thereof attributable to the shareholder of ALTANA AG		73,275	193,298

ALTANA Group Consolidated Statement of Financial Position

Assets	Notes	Dec. 31, 2020	Dec. 31, 2021
in € thousand			
Intangible assets	12	933,084	995,368
Property, plant and equipment	13	959,476	997,904
Long-term investments	14	48,964	55,286
Investments in at equity accounted companies	15	89,064	47,241
Deferred tax assets	10	29,167	33,724
Other non-current assets	20	10,737	13,795
Total non-current assets		**2,070,492**	**2,143,318**
Inventories	16	336,381	511,475
Trade accounts receivable	17	400,457	473,434
Income tax refunds		12,805	15,895
Other current assets	20	99,285	133,378
Marketable securities	18	24,311	31,056
Short-term financial assets	19	5,699	67,518
Cash and cash equivalents		313,692	259,946
Total current assets		**1,192,630**	**1,492,702**
Total assets		**3,263,122**	**3,636,020**

Liabilities, provisions and shareholders’ equity	Notes	Dec. 31, 2020	Dec. 31, 2021
in € thousand			
Share capital[1]		136,098	136,098
Additional paid-in capital		151,276	151,276
Retained earnings		2,103,900	2,263,645
Accumulated other comprehensive income		(5,585)	108,427
Equity attributable to the shareholder of ALTANA AG		**2,385,689**	**2,659,446**
Non-controlling interests		13,240	15,941
Shareholders’ equity	21	**2,398,929**	**2,675,387**
Non-current debt	23	48,606	49,453
Employee benefit obligations	24	272,716	253,916
Other non-current provisions	25	28,965	29,645
Deferred tax liabilities	10	71,198	72,541
Other non-current liabilities	26	24,199	26,927
Total non-current liabilities		**445,684**	**432,482**
Current debt	23	10,778	12,846
Trade accounts payable		186,562	247,845
Current accrued income taxes		55,005	55,289
Other current provisions	25	95,745	131,096
Other current liabilities	26	70,419	81,075
Total current liabilities		**418,509**	**528,151**
Total liabilities, provisions and shareholders’ equity		**3,263,122**	**3,636,020**

[1] Share capital consists of 136,097,896 no-par value shares.

ALTANA Group Consolidated Statement of Cash Flows

	Notes	2020	**2021**
in € thousand			
Net income (EAT)		**75,147**	**195,187**
Depreciation and amortization of intangible assets and property, plant and equipment	12, 13	154,593	157,566
Impairment of intangible assets and property, plant and equipment	12, 13	85,621	1,325
Change in fair value of financial assets and securities	8, 9	(1,266)	2,150
Net result from the disposal of intangible assets and property, plant and equipment	6, 7	(198)	(1,685)
Net result from the disposal of subsidiaries			(174)
Net result from the disposal of long-term investments and marketable securities	8, 9	(443)	(329)
Change in inventories	16	11,853	(153,379)
Change in trade accounts receivable	17	(26,031)	(54,032)
Change in income taxes	10	8,276	(14,242)
Change in provisions	24, 25	12,455	36,179
Change in trade accounts payable		7,817	53,396
Change in other assets and other liabilities	20, 26	6,549	(24,883)
Other	15	39,271	47,366
Cash flow from operating activities		**373,644**	**244,445**
Capital expenditure on intangible assets and property, plant and equipment	12, 13	(105,223)	(149,334)
Proceeds from the disposal of intangible assets and property, plant and equipment	12, 13	4,380	2,890
Acquisitions, net of cash acquired	3	(106,091)	(27,388)
Purchase of long-term investment and investments in at equity companies	14, 15	(6,314)	(6,073)
Proceeds from the disposal of long-term investments	14	33	31
Payments on long-term loans			(1,500)
Purchase of marketable securities	18	(37,078)	(7,775)
Proceeds from the disposal of marketable securities	8, 9	31,906	3,855
Expenditure on short-term financial assets		(1,575)	(61,513)
Cash flow from investing activities		**(219,962)**	**(246,807)**

in € thousand	Notes	2020	2021
Dividends paid		(30,116)	(50,112)
Payments on short-term debt	23	(69,819)	(11,230)
Cash flow from financing activities		**(99,935)**	**(61,342)**
Effect of exchange rate changes		(4,611)	9,958
Change in cash and cash equivalents		**49,136**	**(53,746)**
Cash and cash equivalents as of January 1	2	264,556	313,692
Cash and cash equivalents as of December 31	2	**313,692**	**259,946**
Additional information on cash flows included in the cash flows from operating activities			
Income taxes paid		(78,027)	(105,317)
Interest paid		(3,152)	(1,189)
Income taxes received		14,353	8,139
Interest received		1,228	1,710
Dividends received		782	1,287

Reference to the Consolidated Financial Statements

The consolidated financial statement to the Corporate Report 2021 are provided online at www.altana.com/consolidated_financial_statements_2021.

Consolidated Financial Statements

Management Board Responsibility Statement

The Consolidated Financial Statements have been prepared by the Management Board of ALTANA AG, which is responsible for the completeness and accuracy of the information contained therein.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the EU and in accordance with the requirements of German commercial law pursuant to section 315e of the German Commercial Code (HGB).

The information contained in the Consolidated Financial Statements and the Group Management Report is based on the information reported, in accordance with consistent guidelines in force throughout the Group by the companies included in the Consolidated Financial Statements. The integrity of the reporting process is safeguarded by effective internal control systems established at these companies under the direction of the Management Board. This assures a true and fair view of the performance and results of the Group and enables the Management Board to recognize potential investment risks and negative developments at an early stage and take appropriate countermeasures.

By resolution of the Annual General Meeting, the Chairman of the Audit Committee of the Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as independent auditors of the Consolidated Financial Statements. The auditors issued an unqualified Auditors' Report on the complete Consolidated Financial Statements and the Group Management Report. The Consolidated Financial Statements, the Group Management Report and the Auditors' Report have been made available to the Supervisory Board for detailed discussion. The Report of the Supervisory Board is contained on pages 14–18 of the Corporate Report 2021.

To the best of our knowledge and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the net assets, financial position, and results of operations of the Group and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wesel, Germany, February 25, 2022

ALTANA AG
The Management Board

Martin Babilas Stefan Genten Dr. Christoph Schlünken

Multi-Year Overview

Key figures at a glance

	2012	2013	2014	2015
in € million				
Sales	1,705.3	1,765.4	1,952.3	2,059.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	323.2	335.7	397.4	390.9
EBITDA margin	*19.0%*	*19.0%*	*20.4%*	*19.0%*
Operating income (EBIT)	226.9	229.1	267.7	251.3
EBIT margin	*13.3%*	*13.0%*	*13.7%*	*12.2%*
Earnings before taxes (EBT)	217.2	212.6	251.8	227.8
EBT margin	*12.7%*	*12.0%*	*12.9%*	*11.1%*
Net income (EAT)	154.7	151.6	179.2	158.0
EAT margin	*9.1%*	*8.6%*	*9.2%*	*7.7%*
Research and development expenses	102.3	109.4	113.9	128.1
Capital expenditure on intangible assets, property, plant and equipment	89.8	94.3	90.4	85.6
Cash flow from operating activities	274.5	258.8	298.2	346.1
Return on Capital Employed (ROCE)	*10.8%*	*9.9%*	*10.3%*	*10.1%*
ALTANA Value Added (AVA)	50.0	38.7	51.9	49.2
Total assets (Dec. 31)	2,121.3	2,546.0	2,756.2	2,964.5
Shareholders' equity (Dec. 31)	1,498.2	1,565.6	1,745.5	1,935.6
Net debt (-) / Net financial assets (+)[1] (Dec. 31)	68.2	(303.6)	(280.1)	(114.2)
Headcount (Dec. 31)	5,363	5,741	6,064	6,096

[1] Comprises cash and cash equivalents, current financial assets, current marketable securities, loans granted, debt, and employee benefit obligations.

Sales by division

	2012	2013	2014	2015
in € million				
BYK	618.4	691.5	856.7	870.0
ECKART	340.5	334.6	332.2	349.7
ELANTAS	412.5	414.6	431.2	463.2
ACTEGA	333.9	324.7	332.1	376.4

Sales by region

	2012	2013	2014	2015
in € million				
Europe	751.7	745.2	795.1	795.6
thereof Germany	*266.1*	*262.4*	*276.7*	*269.8*
Americas	412.0	438.4	527.1	607.1
thereof U.S.	*268.4*	*289.5*	*365.0*	*416.1*
Asia	509.6	547.4	593.0	618.9
thereof China	*252.5*	*287.8*	*309.8*	*315.6*
Other regions	31.9	34.3	37.0	37.7

	2016	2017	2018	2019	2020	2021
	2,075.3	2,247.0	2,307.4	2,248.9	2,178.2	2,666.5
	453.0	470.0	430.6	415.8	426.0	481.7
	21.8%	*20.9%*	*18.7%*	*18.5%*	*19.6%*	*18.1%*
	328.7	335.9	295.8	262.5	185.7	322.8
	15.8%	*14.9%*	*12.8%*	*11.7%*	*8.5%*	*12.1%*
	299.8	306.0	264.1	231.3	142.7	275.0
	14.4%	*13.6%*	*11.4%*	*10.3%*	*6.6%*	*10.3%*
	210.1	234.6	187.0	169.0	75.1	195.2
	10.1%	*10.4%*	*8.1%*	*7.5%*	*3.5%*	*7.3%*
	129.3	142.5	154.1	165.6	163.4	179.7
	122.1	188.0	187.0	157.2	105.2	149.3
	376.7	302.3	296.2	386.3	373.6	244.4
	11.6%	*11.3%*	*9.4%*	*8.8%*	*8.4%*	*9.6%*
	83.3	84.0	37.6	21.6	26.5	66.2
	3,053.9	3,147.7	3,221.9	3,343.3	3,263.1	3,636.0
	2,082.2	2,214.2	2,344.6	2,479.4	2,398.9	2,675.4
	25.7	(78.0)	(95.6)	(57.7)	34.2	67.7
	5,967	6,186	6,428	6,476	6,529	6,731

	2016	2017	2018	2019	2020	2021
	909.1	1,030.4	1,065.6	1,040.6	1,008.7	1,227.2
	361.9	385.3	382.6	356.2	315.2	382.8
	452.1	488.7	506.6	494.5	463.3	593.6
	352.2	342.6	352.6	357.7	391.0	462.9

	2016	2017	2018	2019	2020	2021
	798.6	852.3	875.0	858.0	842.5	1,029.3
	263.2	*275.7*	*273.4*	*259.1*	*244.5*	*295.3*
	587.2	623.6	624.4	620.6	585.9	681.6
	398.8	*436.3*	*434.8*	*427.6*	*396.6*	*445.5*
	652.3	733.5	769.4	731.8	711.8	905.5
	336.0	*399.0*	*421.2*	*388.5*	*385.2*	*515.0*
	37.2	37.6	38.6	38.6	37.9	50.1

Global Compact: Communication on Progress (COP)

By participating in the UN initiative Global Compact, we commit to respecting human rights, creating socially compatible working conditions, promoting environmental protection, and fighting corruption.

Principle	Page	Measure taken
Human Rights		
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	7–10, 72–73, 100–101 FFS[1], pp. 9, 29–31	Sustainable Development Goals (SDG 8), ALTANA's Guiding Principles and leadership guidelines, Compliance Management System, promotion of women in leadership positions, sustainability assessments
Principle 2 Make sure that they are not complicit in human rights abuses	7–8, 72–73 FFS[1], pp. 24–25, 29–31	Code of Conduct, sustainability assessments, search for suppliers, supplier agreements
Labor		
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	72–73 FFS[1], pp. 29–32	Compliance Management System, corporate guideline HR
Principle 4 The elimination of all forms of forced and compulsory labor	72–73 FFS[1], pp. 29–32	Compliance Management System
Principle 5 The abolition of child labor	7–8, 72–73, 103–106 FFS[1], pp. 25, 30	Sustainability assessments, Compliance Management System, support of education initiatives
Principle 6 The elimination of discrimination in respect of employment and occupation	7–10, 72–73, 100–101 FFS[1], pp. 29–32	Sustainable Development Goals (SDG 5), Compliance Management System, training, sustainability assessments and audits, surveys
Environment		
Principle 7 Businesses should support a precautionary approach to environmental challenges	1, 3–4, 9–10, 20–43, 68–70, 87–89, 95–98 FFS[1], pp. 2–8, 13–15, 18–24	Climate strategy CO_2 neutrality by 2025, Sustainable Development Goals (SDG 13), sustainable product development, energy and environmental management systems, environmental key performance indicators system with targets
Principle 8 Undertake initiatives to promote greater environmental responsibility	1, 3–4, 9–10, 20–43, 87–89, 95–98 FFS[1], pp. 2–8, 18–24, 36	Sustainable Development Goals (SDG 13), sustainable product development, circular economy, process optimizations, Membership in RE100 and other climate protection initiatives, investments
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	1, 3–4, 9–10, 20–43, 68–70, 87–89, 95–98 FFS[1], pp. 13–15, 18–24, 32–33, 36	Climate strategy CO_2 neutrality by 2025, Sustainable Development Goals (SDG 9), product and technology innovations, Membership in RE100 and other climate protection initiatives, alternatives to critical materials
Anti-Corruption		
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	7–8, 72–73, 100–101 FFS[1], pp. 29–32	Code of Conduct, Compliance Management System, training and audits

[1] Document "Facts and Figures on Sustainability 2021"

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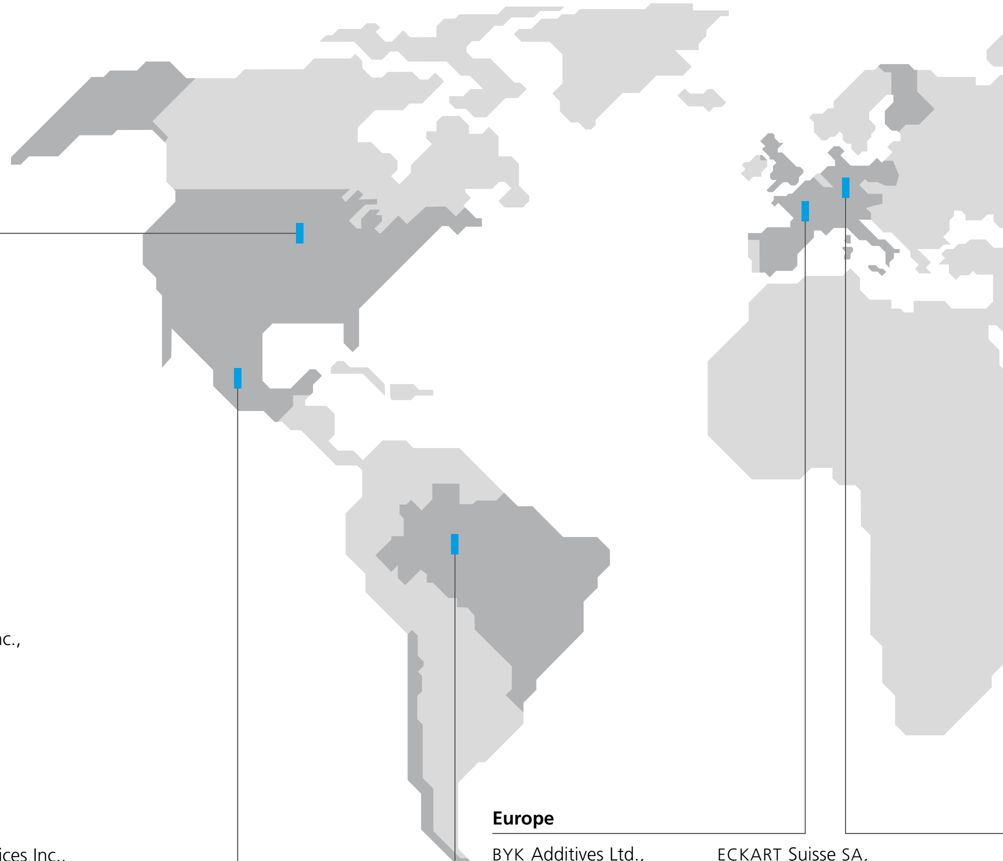


U.S.

BYK USA Inc.,
Wallingford, CT

BYK Gardner USA,
Columbia, MD

ECKART America Corp.,
Painesville, OH

ELANTAS PDG Inc.,
St. Louis, MO

ACTEGA North America Inc.,
Cinnaminson, NJ

ACTEGA North America
Technologies Inc.,
East Providence, RI

ALTANA Mangement Services Inc.,
Schererville, IN

Central America

BYK Chemie de México,
S. de R.L. de C.V.,
Cuautitlán Izcalli (MEX)

ECKART de México Industrias,
S. de R.L. de C.V.,
Cuautitlán Izcalli (MEX)

South America

ACTEGA do Brasil Tintas
e Vernizes Ltda.,
Araçariguama (BRA)

ELANTAS Isolantes Elétricos
do Brasil Ltda.,
Cerquilho (BRA)

ACTEGA Terra Chile Ltda.,
Santiago de Chile (CHL)

Europe

BYK Additives Ltd.,
Widnes (GBR)

BYK Netherlands B.V.,
Deventer (NLD)

ECKART Benelux B.V.,
Uden (NLD)

ECKART France SAS,
Saint-Ouen (FRA)

ECKART Italia Srl.
a Socio unico,
Rivanazzano (ITA)

ECKART Pigments KY,
Pori (FIN)

ECKART Suisse SA,
Vétroz (CHE)

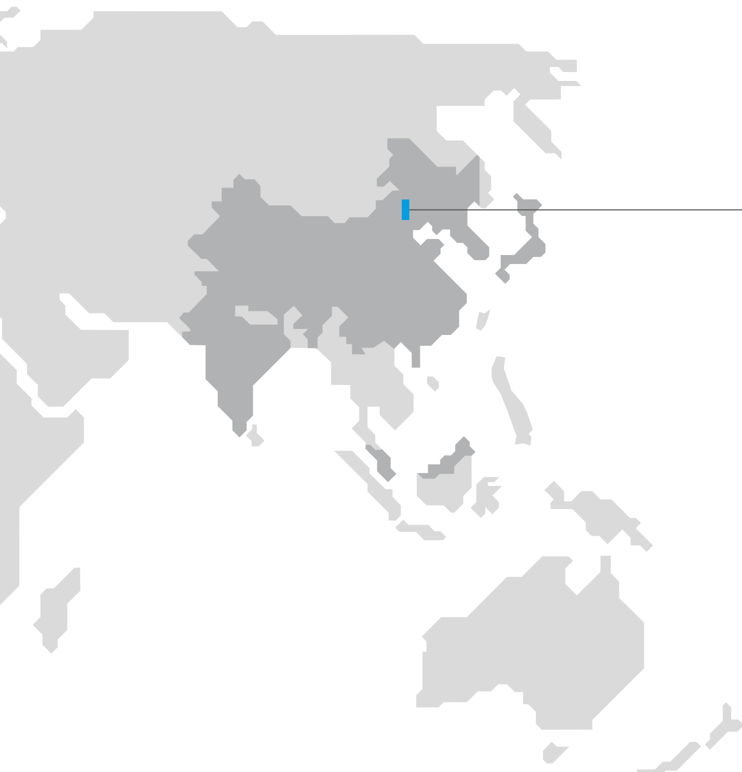
ELANTAS Europe Srl.,
Collecchio (ITA)

ACTEGA Artística S.A.U.,
Vigo (ESP)

ACTEGA Schmid Rhyner AG,
Adliswil (CHE)

ACTEGA Rhenacoat SAS,
Sedan (FRA)

100 % stakes with the exception of ELANTAS Beck India Ltd. (75 %), as of December 31, 2021



Germany

ALTANA AG, Wesel

ALTANA Management Services GmbH, Wesel

ALTANA New Technologies GmbH, Wesel

BYK-Chemie GmbH, Wesel
■ ■

ECKART GmbH, Hartenstein
■ ■

ELANTAS GmbH, Wesel

ACTEGA GmbH, Wesel

BYK-Gardner GmbH, Geretsried
■ ■

ECKART TLS GmbH, Bitterfeld-Wolfen
■ ■

ELANTAS Europe GmbH, Hamburg
■ ■

ACTEGA DS GmbH, Bremen
■ ■

ACTEGA Metal Print GmbH, Lehrte
■ ■

ACTEGA Rhenania GmbH, Grevenbroich
■ ■

ACTEGA Terra GmbH, Lehrte
■ ■

Asia

BYK Asia Pacific Pte Ltd., Singapore (SGP)
■

BYK Japan KK, Tokyo (JPN)
■

BYK Additives (Shanghai) Co., Ltd., Shanghai (CHN)
■

BYK (Tongling) Co., Ltd., Tongling (CHN)
■ ■

BYK India Private Ltd., Mumbai (IND)
■

BYK Korea LLC, Gyeonggi-do (KOR)
■

ECKART Asia Ltd., Hong Kong (CHN)
■

ECKART Zhuhai Co., Ltd., Zhuhai (CHN)
■ ■

ELANTAS Beck India Ltd., Pune (IND)
■ ■

ELANTAS Malaysia Sdn Bhd, Kuala Lumpur (MYS)
■ ■

ELANTAS (Tongling) Co., Ltd., Tongling (CHN)
■ ■

ELANTAS (Zhuhai) Co., Ltd., Zhuhai (CHN)
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ACTEGA Foshan Co., Ltd., Shunde (CHN)
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